

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,494

Monday March 21 1988

D 8523 A

Japan: Market opens at last, Page 20



Austria	Sch22	Indonesia	Rs3100	Portugal	Esc100
Bahrain	Dir20 650	Iraq	Ns3.25	S. Arabia	Riy2.00
Belgium	Fr1.00	Italy	1.1600	Spain	Es1.00
Canada	C\$1.00	Japan	Yen100	Sweden	Sk7.25
Cyprus	Cy49.75	Jordan	Fls2.50	Sri Lanka	Rs20
Denmark	Dk19.00	Kuwait	Fls2.00	Switzerland	Swf9.00
Egypt	Es2.25	Lebanon	Sl25.00	Turkey	TL350
Finland	Fls17.00	Lithuania	Lt1.00	USSR	Rb1.00
France	Fls10.00	Malta	Ms1.00	United States	Us1.00
Greece	Dr120	Monaco	Ms1.00	Yugoslavia	Yd1.00
India	Rs15	Norway	Nkr10.00	U.S.A.	Us1.00
Hong Kong	Hk\$12	Morocco	Fls2.00	U.A.E.	Dir6.50
Italy	Ita15	Peru	Ps1.00	U.S.S.R.	Rs1.00

World News

Business Summary

Saudi missile sites may be bombed, Israel warns

SAUDI ARABIA's purchase of Chinese-made surface-to-surface missiles with a range of more than 2,000 miles has prompted demands from Mr Yitzhak Shamir, Israel's Prime Minister, for their immediate removal, coupled with warnings from senior Israeli officials that their launch sites could be bombed. Page 22

Israeli soldier killed

A 26-year-old reservist yesterday became the first Israeli fatality of the Palestinian uprising. He was shot in the head while on guard duty in Bethlehem. Later, Israeli troops rounded up more than 200 Palestinians for questioning and began a search of the area. Page 3

Salvadorans go to polls

Salvadorans voted yesterday in legislative and municipal elections after leftist guerrillas blew up transmission towers north of San Salvador, leaving most of the country without electricity.

Activists plan strike

Anti-apartheid activists in South Africa today attempt to mobilise the first nationwide protest since leading black opposition groups were banned last month. There have been appeals for a "national day of protest" to commemorate the 26th anniversary of the Sharpeville massacre and to protest against the banning of any activity by the United Democratic Front and 16 other groups.

Missile war continues

Iran attacked a ship in the Gulf and launched at least one missile at Baghdad as the Iran-Iraq "war of the cities" entered its fourth week. Iraq said its warplanes hit five Iranian towns and cities. Gulf shipping sources said Iran's gunboats attacked a ship in apparent retaliation for an Iraqi raid on an oil terminal. Page 4

Zhao urges bold reform

Communist Party chief Zhao Ziyang urged faster, more open and bolder reforms in China's government and the economy. He made clear his opposition to calls for caution and said China should offer incentives to attract foreign investment. Page 4

Afghan rebels rejection

Afghan guerrillas denounced Moscow's offer to withdraw from Afghanistan as a means of pressuring Washington and its ally Pakistan into a peace settlement.

Sri Lanka deploys army

Hundreds of Sri Lankan troops moved into parts of the island's east at the weekend to prevent attacks on Sinhalese and Tamil separatist guerrillas after a string of killings in the eastern district. This month.

PLO seeks delay

The Palestine Liberation Organisation (PLO), under US orders to shut its UN mission today, hopes to delay the closure through legal manoeuvres. Lawyers are seeking federal court jurisdiction which might win a 20-day suspension of the closure order. Page 3

One term for Aquino

Philippines President Corazon Aquino said she did not plan to seek re-election in 1992 because she was "really just meant for one term."

S Korean parties divide

Last-minute efforts to unite South Korea's divided political opposition before next month's National Assembly elections virtually collapsed yesterday with rival parties accusing each other of insincerity. The two main opposition groups are expected to call off merger talks today.

Israeli push in Lebanon

Tank-led Israeli troops backed by helicopter gunships have thrust into south Lebanon in their deepest push this year in an apparent bid to knock out bases used for cross-border missile attacks.

IADB loans fall sharply over dispute on funding

LOANS ADVANCED by the Inter-American Development Bank, Latin America's multilateral financing body, fell sharply last year, because of a long and damaging dispute over its future funding. The IADB approved only \$3.8bn in new loans in 1987, its annual report says, well below the \$3.04bn of 1986 and the record \$3.57bn of 1984. Page 22

EUROPEAN Monetary System: The French and Belgian francs were both a little easier in the EMS last week. Trading started rather unsettled, as traders awaited details of the UK budget and the release of US trade data. The dollar's reaction to better than expected figures was confined to small gains and trading still seemed to lack direction.

With French presidential elections due on April 24 and May 8, there was speculation that some form of re-alignment would be made soon after, especially with the Italian lira showing signs of weakness.

THE PANAMANIAN Defence Forces have decided that Gen Manuel Antonio Noriega must leave the country, after firmly backing him throughout more than nine months of opposition protest.

But his departure is being held up by a dispute with the US over the future role of the defence forces in Panamanian politics and society. One senior government official said Gen Noriega had originally been expected to leave early yesterday.

In Washington, over the weekend, Mr George Shultz, US Secretary of State, confirmed that Gen Noriega's days were numbered and called upon him to step down.

President Manuel Soles Palma, whom Gen Noriega appointed on February 26 to replace the deposed President Eric Arturo Del Valle, was yesterday afternoon due to have announced a transitional programme which would come into effect after the General's departure, senior Government officials said.

This plan was frustrated by the breakdown of negotiations on Saturday between Gen Noriega and a senior US delegation led by Assistant Secretary of State Mr William Walker.

The defence forces on Saturday afternoon rejected US demands as "unacceptable and anti-Panamanian" after two rounds of talks. However, contacts have not broken down. Gen Noriega is understood to have demanded

THE chart shows the two constraints on European Monetary System exchange rates. The upper grid, on the weekend currency rates, from which no currency (except the lira) may move by more than 2% per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (Ecu), itself derived from a basket of European currencies.

ECU DIVERGENCE

5% 0 5%

B Franc

Lira

F Franc

D Kone

Fls2.25

Fls2.25

D-Mark

Guinea

Swiss Franc

Day Position

Limit

ECU

Parity

Position

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

25

OVERSEAS NEWS

Mitterrand set to announce his candidacy

BY PAUL BETTS IN PARIS

THE FRENCH presidential election will gather full steam this week when President François Mitterrand finally announces his long-awaited decision to run for a second seven-year term.

Mr Mitterrand confirmed he would announce his decision this week in a video-recorded message to a rally of 15,000 Socialist sympathisers at Le Bourget, outside Paris, yesterday.

Although he did not specifically say whether he would seek a second mandate, Mr Lionel Jospin, the Socialist secretary general, and several other Socialist leaders made it clear that Mr Mitterrand, who remains the hot favourite to win the election in the latest opinion polls, was primed to run again.

The bottom line is that Mr Mitterrand will announce his formal decision to seek another mandate on Wednesday. In his message, Mr Mitterrand said he was anxious to see his country unite together "to win the challenge" facing France this century.

The formal entry of Mr Mitterrand into the election campaign as the Socialist candidate will mark a new phase in the contest dominated so far by the battle between the two right-wing candidates, Mr Jacques Chirac, the Gaullist RPR Prime Minister, and Mr Raymond Barre, the former centrist prime minister, for the primacy to the right.

Mr Chirac has now extended his lead over Mr Barre, with the latest opinion polls giving him about three points more.

Mr Chirac was yesterday the star of a huge US-style rally at Vincennes on the other side of Paris attended by more than 50,000 RPR supporters as well as several Gaullist ministers and Mr Johnny Hallyday, the popular



François Mitterrand: suspense to the end

Opposition boycotts new Dhaka parliament

THE FOURTH parliament in Bangladesh's 17-year history was sworn in yesterday, but one bloc of members failed to appear, AP reports from Dhaka.

The parliament - its legitimacy already questioned because of evidence of a rigged election - is expected to be given controversial legislation to make the country of 105m people an Islamic state.

The 18 members of the Combined Opposition Party were not at the oath of office ceremony, but there was no explanation for their absence.

Despite its name, the so-called opposition bloc consists of 76 small parties which are loyal to the government of President Hussain Muhammad Ershad.

The Parliament was chosen March 3 in an election where there was evidence of vote-tampering. Mr Ershad's Jatiya Party won 251 of the 300 seats.

The president told a religious gathering March 13 that he would offer legislation to amend the constitution to make Bangladesh an Islamic state.

But the opposition parties already have announced they will oppose the move.

Even Mr Jamaat-e-Islami Abbes Ali Khan, the leader of the fundamentalist Moslem party, denounced the proposal.

"This is a political gimmick by Ershad to perpetuate his rule," he said.

It has been suggested that Mr Ershad's call for an Islamic state is aimed at weakening his two chief opponents - both women - Ms Sheik Hasina of the Awami League and Ms Khaleda Zia of the Bangladesh Nationalist Party.

Paris, Bonn differ on EMS change

BY DAVID MARSH IN BONN

DIVERGING VIEWS between France and West Germany over the need for changes in the European Monetary System are likely to come to the surface in Bonn today, at the first full meeting of the newly established Franco-German Finance Council.

The Paris Government may use the meeting, linking Finance and Economy Ministers and central bank governors from the two countries, to press for further adjustments in the rules on intervention and credit facilities in the EMS.

The gathering, hosted by the Bonn Finance Ministry, is billed as an exchange of views and will not lead to any firm decisions. The body, which will meet every three months in future, will try to come up with ways of better harmonising French and West German fiscal and monetary policies.

The ministers and central bank governors may also seek to prepare a common position ahead of the meeting of the IMF's interim committee in Washington next month.

The most contentious issue, however, is expected to be the EMS. France, backed by the other six full EMS countries, except West Germany and the Netherlands, wants to increase the obligation on strong currency members to expand their economies to counter any exchange rate strains in the system.

Mr Gerhard Stoltenberg, the West German Finance Minister, last week spelled out in a memorandum his strong misgivings about alterations in the EMS rules. He called for EC countries

to lift all exchange controls as a precondition for any eventual moves towards European monetary union.

The memorandum reflected closely the views of the West German Bundesbank, which has already voiced scepticism about the Franco-German Council.

The central bank's governing council has nominated its president, Mr Karl Otto Pöhl, as a member of the bilateral body only under the condition that no decisions are taken which breach its monetary independence.

David Marsh sees a challenge to Britain in the new Finance Council

Delicate problem for EC partners

WHEN the West German and French Finance Ministers and central bank governors sit down to dinner in Bonn tonight after the first session of the two countries' bilateral Finance Council, German officials admit to a sneaking worry that the food and surroundings may not be as good as in Paris.

That is not the only delicate psychological problem hanging over the first meeting of the group, which was established in January along with a bilateral Defence Council to intensify already close Franco-German political alliance.

The Finance Council, which will assemble every three months, seems likely to be used by the French as a forum from which to persuade the West Germans to take more a more expansionary economic policy line.

That objective has already aroused strong misgivings in the Germans. One of the key issues - French proposals for further development of the European Monetary System (EMS), Europe's nine-year-old exchange rate stabilisation scheme - there is plenty of room for disagreement between the two sides.

At the same time, however, efforts to promote further Franco-German policy alignment, in both the economic and the military and security fields, add up to a powerful challenge to the rest of Europe - and particularly to Britain.

Commenting on Britain's uncompromising non-membership of the EMS, underlined by the recent move to let the pound move well above its previous DM ceiling, a senior official in the Elysee Palace in Paris said last week: "If Britain has a negative position, the only way to advance is for the French and Germans to show resolve."

A very senior member of the Bundesbank is highly sceptical about French proposals for a further softening of the credit and intervention mechanism of the EMS, billed in Paris as essential steps towards eventual European monetary union.

But he says Britain's rejection of full EMS participation,

together with the softer exchange rate regime enjoyed by Italy and non-membership by the new EC members, are inevitably changing the shape of the EMS away from a Europe-wide system.

There is a possibility that the EMS will change character and will become just a vehicle towards French and German [monetary] union," he says.

Mr Thatcher, who is widely seen on the Continent as the chief impediment to a more "European" policy line by the British Government, is certainly not the only critic of the new Franco-German bilateralism.

Mr Jacques Delon, the president of the European Commission and a former French Finance Minister, believes creation of the Franco-German Finance Council may turn out to be a mistake. This is because it might increase West German resistance to be railroaded into more expansionary policies, proving as a result ultimately counter-productive.

For different reasons, one well-respected ambassador in Bonn from one of West Germany's neighbours says he is very critical of Bonn's tendency to turn to the French on the ground

that policy making in the enlarged EC has become more difficult.

"We have all the institutions in the EC to cope with economic policies... it is absolute nonsense to say we can't come to policy coordination because of the Irish or the Greeks," he says.

"Why don't they [the Germans] see that we could do all this by playing a more constructive role in the multilateral forums we have built up?"

In spite of these other noises of discontent, it is Mrs Thatcher's well-publicised scepticism about Franco-German alignment which has attracted particular criticism - most of it in private - from Bonn.

Her remarks after the Nato summit this month, where she called on West Germany to back full western nuclear deterrence to stem from front-line position stemming from Hitler's days, has been criticised in Bonn as insensitive.

Mr Volker Rosing, a spokesman

on foreign affairs for Chancellor Helmut Kohl's Christian Democratic Union (CDU), says: "Mrs Thatcher has to understand the psychology of Europe - not just southern England."

Afghanistan elections called for next month

President Najibullah has called national elections next month in Afghanistan at the UN-mediated talks to end the nine-year-old guerrilla war there remain deadlocked, Reuter reports from Kabul.

The elections for a two-chamber parliament will be held from April 6 to 15, Kabul Radio said.

But one of the Western-backed Muslim guerrilla groups battling to oust Soviet troops in Afghanistan denounced the plan as a gimmick to deceive the world.

The radio monitored in Islamabad, said Afghanistan's third parliamentary elections would be for 225 seats in the Council of Representatives (lower house) and 62 seats in the Council of Elders (upper house).

If quoted a decree issued by President Najibullah as saying an unspecified number of seats would be kept vacant for the rebels if they failed to contest now.

"It is another trick to deceive the (Afghan) people and the world opinion," the Hezb-i-Islami (Ghulamay) party spokesman Shah Mahmud Muzaffar said.

"They are not a legitimate government, they don't have the right," the spokesman, whose party is one of seven groups in the main Pakistan-based guerrilla alliance, stressed.

Hezb-i-Islami's leader, Mr Gulbadin Hekmatyar, who is also the current chairman of the alliance, threatened rebel attacks on military installations in the capital.

The elections were called as the UN-sponsored peace talks in Geneva remain stalled on questions of Soviet military supplies to Kabul and who will govern Afghanistan after an estimated 115,000 Soviet troops leave the country.

KANSAS PRIMARY

Dukakis edges further ahead

BY ANATOLE KALETSKY IN WASHINGTON

GOVERNOR MICHAEL Dukakis edged further ahead over the weekend in the race for the Democratic presidential nomination, scoring a narrow victory over the Rev Jesse Jackson and Senator Albert Gore in the party caucuses in Kansas.

Mr Dukakis and Rev Jackson were also emerging as clear front-runners in the much bigger Michigan caucuses, to be held next weekend.

While Kansas with only 49 delegates will account for fewer than 1 per cent of the votes to be cast at the Democratic National Convention, Mr Dukakis' victory was a significant one because it showed his ability to command support in agricultural as well as industrial states.

It's terrific. It's the first farm and agricultural state I have won and won decisively," Mr Dukakis said on Saturday night. The results were also very positive for Rev Jackson, who came a close second.

Mr Dukakis garnered 36 per cent of the local delegates, against Rev Jackson's 31 per cent and Mr Gore's 19 per cent. Mr Richard Gephardt and Senator Paul Simon both received negligible support and about 15 per cent of the delegates elected remained uncommitted.

Even at the Kansas votes were being counted, the Democratic confederates moved on to Michigan.



Dukakis: "It's terrific."

confederates moved on to Michigan, a key industrial state which will select more than 3 per cent of the national convention delegates and could prove decisive by eliminating one or more candidates from the race.

Mr Gephardt, whose protectionist policies are likely to have the strongest appeal among Michigan's huge motor industry work force, desperately needs a win in this state. However, opinion polls published in the Detroit News over the weekend showed Mr Gephardt, with 10 per cent support, floundering well behind Mr Dukakis and Rev Jackson, who polled 38 per cent and 31 per cent respectively.

If this pattern is borne out by Michigan's voters next weekend, Mr Gephardt's candidacy would almost certainly be killed. Senators Gore and Simon would also become vulnerable if their support in Michigan proved to be negligible, as the polls have predicted. Each would then have only one chance left to restore his candidacy before the all-important New York primary on April 19.

Senator Gore would have to prove that he could win votes in the north by putting in a strong showing in Connecticut on March 25. Senator Simon would have to win in Wisconsin, a state which borders his native Illinois, to preserve any credibility.

In an indication that the Democrats themselves may feel that the race is drawing to a climax, the candidates in Michigan have noticeably restrained their earlier attacks on each other and have concentrated instead on criticising the Republicans and President Reagan.

Meanwhile, Governor Mario Cuomo, of New York, an extremely powerful Democratic politician who has now unequivocally denied any presidential ambitions, indicated that he may soon be ready to assume the role of kingmaker.

The field might well have narrowed sufficiently within the next "seven to ten days" for him to make a personal endorsement of one of the candidates.

UK to fight lonely battle on pollution

BY OUR CORRESPONDENT IN BRUSSELS

BRITAIN will be fighting a lonely battle against most of the European Community in what is likely to be a failed attempt by member states to agree on a new deal to combat water and air pollution.

The British Government is planning to write off large amounts of Rover's accumulated debts and trade debts to make the deal acceptable to British Aerospace, but this cannot go ahead under EC competition law without the go ahead from the Brussels authorities.

It is understood that the meeting, due to take place on Wednesday, is an initial negotiation at which the two sides will explore each others' thinking on the deal, rather than tackling the exact size of any debt write-off.

EC officials yesterday refused to comment on how much is involved, saying that was still under negotiation between the UK Government and the companies. Lord Young announced that he would need to negotiate with Mr Sutherland when the deal was first announced and the DTI officially notified the Commission last week that some form of state aid would be involved.

A separate scheme for halving exhaust emissions from small cars is also being blocked by the UK in a minority with France and Italy.

They want laxer rules on the grounds that the present proposals would add too much vehicle weight, around 500 to cars with engines of up to 1.4 litres and that cheaper methods of cutting exhaust gas are on the way.

Young seeks EC approval of Rover takeover plan

BY WILLIAM DAWKINS IN BRUSSELS

LORD YOUNG, the British Industry Secretary, is to meet Mr Peter Sutherland, the European Commissioner responsible for competition policy, to seek agreement on the conditions for Rover's planned takeover of British Aerospace.

The British Government is planning to write off large amounts of Rover's accumulated debts and trade debts to make the deal acceptable to British Aerospace, but this cannot go ahead under EC competition law without the go ahead from the Brussels authorities.

It is understood that the meeting, due to take place on Wednesday, is an initial negotiation at which the two sides will explore each others' thinking on the deal, rather than tackling the exact size of any debt write-off.

EC officials yesterday refused to comment on how much is involved, saying that was still under negotiation between the UK Government and the companies. Lord Young announced that he would need to negotiate with Mr Sutherland when the deal was first announced and the DTI officially notified the Commission last week that some form of state aid would be involved.

A separate scheme for halving

exhaust emissions from small cars is also being blocked by the UK in a minority with France and Italy.

They want laxer rules on the grounds that the present proposals would add too much vehicle weight, around 500 to cars with engines of up to 1.4 litres and that cheaper methods of cutting exhaust gas are on the way.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd, Frankfurt Branch, and as a member of the Board of Directors, F. Baetke, R.A.F. McCann, G.T.S. Danes, M.C. Corrigan, D.P. Fahey, London Printer: C. Gribble, Frankfurt/M. Executive Editor: G.D. Owen, Financial Times, Brussels House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 19646, published daily except Saturday and holidays. US subscription rates \$365.00 per annum. Postage paid at New York, NY and at additional mailing offices. POSTMASTER and address change to FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

Marriott
HOTELS + RESORTS

AMMAN · AMSTERDAM · ATHENS · CAIRO · HAMBURG · JEDDAH · LONDON · PARIS · RIYADH · VIENNA

JOHN MARSH

OVERSEAS NEWS

Last chance for UK to join space-station

BY PETER MARSH

BRITAIN has been given a last-gasp chance to join a \$20bn international space station, agreement on which was reached last week by the US and Western Europe.

Professor Reimar Luest, director-general of the 13-nation European space agency said at the weekend that "Europe would be the loser" if the UK held out in its refusal to join the scheme. He has given Britain until mid-April to make up its mind finally over participation.

The UK is the only major country within ESA to have so far refused to participate in the agency's \$4bn Columbus project.

to design a laboratory for the orbiting base.

Professor Luest said that at a meeting he had last month with Mr Kenneth Clarke, the UK trade and industry minister, who has been highly critical of ESA projects, the UK minister had indicated he had still not finally decided on the Columbus issue.

Mr Luest said he still hoped for a favourable UK decision on Columbus. The country not only had valuable technical expertise to offer Columbus but was a source of new and stimulating ideas regarding greater private sector

involvement in space schemes, said Mr Luest.

The Columbus laboratory, containing equipment for materials processing studies and observation of the earth, is due to plug into the main US-designed core of the space station, which is due to be in place by the mid-1990s and house eight people. Canada and Japan also plan to help in the development of the base.

UK aerospace companies can be expected to seize on Mr Luest's comments and mount an intense lobbying campaign over the next few weeks to persuade Mr Clarke of the benefits of UK

involvement in Columbus.



Clarke: tough decision

Moscow space shuttle to be launched soon

By Leslie Cohn in Moscow

THE LAUNCHING of the Soviet Union's first space shuttle is to take place shortly, according to a leading Soviet space official.

Mr Alexander Dunayev, head of Glavkosmos, the commercial arm of the Soviet space programme, said "intensive preparation" for the flight was now under way. "Little time remained" before the launching would be shown on television, the Soviet News Agency TASS quoted him as saying.

The Soviet space official pointed out that Moscow's reusable space ship was not a replica of the US space shuttle, which has been grounded since a serious accident. Unlike the US space vehicle, which has no engines and glides to earth, the Soviet version is thought to have rocket engines.

In a jibe at the ill-starred US space programme, Mr Dunayev said the Soviet Union gave priority to crew safety. The first flight of a new Soviet space craft, he noted, was always "automatically controlled" (unmanned), which he said was a basic difference between the Soviet and US programmes. The US is not expected to launch a new space shuttle until June, which may have given additional impetus to getting the Soviet shuttle launched.

Deal allows military experiments

THE US WILL have virtually unconstrained powers to mount military-related experiments on board a \$20bn international space station planned for the 1990s - as long as they do not involve testing of space weapons, writes Peter Marsh.

This is one of the main points of an 11-page agreement on the space station concluded last week by Western Europe and the US after three years of sometimes tortuous negotiations.

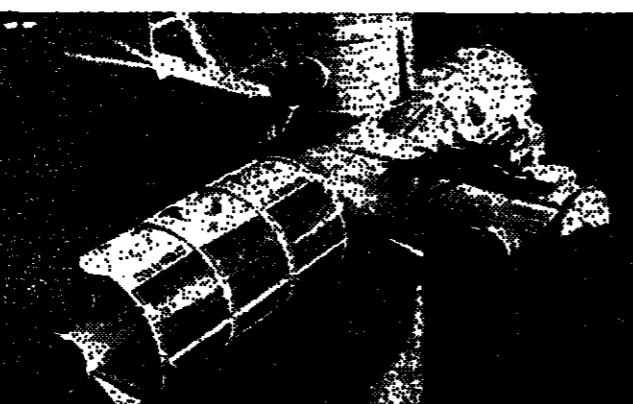
Canada and Japan, which also plan to join the space station project, are expected to reach similar accords in the next few weeks.

The document binds the US and the 13 nations of the European Space Agency to a set of procedures governing the use of the orbiting base after its construction in the mid-1990s.

The station, with accommodation for eight astronauts, will be used for a variety of space-based studies, including low-gravity crystals processing and biology experiments. It will also act as a garage in space for servicing satellites.

Under plans for the station, the US, Japan and Western Europe will each provide one laboratory, while the US will also be responsible for the accommodation module for the crew together with computers, energy systems and other equipment for running the base.

Canada's share of the project will be to provide robotic maintenance equipment, possibly involving tests of lasers



The model of the European space station Columbus

According to the agreement, the US will be responsible for "overall programme co-ordination and direction" of the space station.

The other countries, however, will have the important power to dictate day-to-day activities in the parts of the station which they will provide.

This part of the agreement would enable European countries, Japan or Canada to veto military-related US experiments in their own segments of the station, but would not interfere with the US's ability to conduct such studies in its part of the base.

The issue of the degree to which the space station might be used for military experiments, the wording can be interpreted to mean that the base could be

or base-tracking hardware connected with the US Strategic Defence Initiative, has caused serious divisions during the three-year negotiations.

The final document deliberately does not seek to circumscribe the US's ability to conduct such experiments - a condition which was insisted upon by the US defence department.

The accord also leaves open the question of what constitutes a military experiment. Beyond saying that studies will be predominantly "civil" and be for peaceful purposes in accordance with international law, the document is deliberately vague on the entire issue of military work.

The wording can be interpreted to mean that the base could be

used for tests of equipment related to prototype space weapons such as lasers - but that no fully developed weapon could be carried on board.

The station, according to the agreement, will be run by a series of committees of the nations using the base in which "decision making by consensus shall be the goal." However, if consensus cannot be reached, the US will generally have the last word.

The agreement also ensures the right of Japan and Western Europe to use their own launch vehicles to carry people and goods to and from the base, although the US's space shuttle fleet will be the main transport system.

Other parts of the document relate to how the international partners will share out the operating costs for the base, which are estimated at about \$1.5bn a year, and also other issues such as protection of intellectual property rights of companies or individuals which make technological breakthroughs in experiments on the station.

The document also contains a few paragraphs of interest mainly to jurists. In the section related to legal issues, the agreement gives the US the power to prosecute through US courts any international law犯 who commit misdemeanours on the station, although such courses of action would normally require the prior approval of the foreign governments.

Missile war in Gulf goes on

IRAN and Iraq fired missiles into each other's capitals and bombarded population centers with artillery for the seventh straight day, resulting in civilian casualties, AP reports from Nicosia.

Waves of Iraqi fighter-bombers pounded Iran's biggest oil terminal on Saturday, leaving at least two tankers ablaze in the northern gulf. Iran said it shot down three Iraqi warplanes.

The Iraqi military, announcing that two long-range missiles were fired into Tehran, declared: "We will make the Iranians live in hell until they accept peace."

The attack on the Kharg Island oil terminal, through which 80 percent of Iran's oil exports flow, was the first in six weeks and came during one of the heaviest Iraqi air offensives against Iran in several months.

The official Iraqi News Agency, monitored in Nicosia, said Iraqi warplanes and helicopter gunships flew 270 combat missions on Saturday, including attacks on Iranian cities.

28 killed in Rangoon

UP TO 28 people have been killed in Rangoon in the past week in the worst riots in Burma since 1974, according to persistent reports reaching Bangkok.

Mobs burned motor-vehicles and wrecked a government-owned department store in central Rangoon yesterday evening in what was officially described

as an act of gangsterism, but is generally believed to be a demonstration of anger over the death of a student in clashes with local youths last Saturday, Chit Tan

writes from Rangoon.

Indonesian cabinet

INDONESIA's new Cabinet which President Suharto will announce today is expected to provide some evidence of the rapprochement of the rift between the military and the increasingly assertive civilian sector, John Murray Brown writes from Jakarta.

President Suharto said this month that the military's role in both defence and politics is "definitely not meant to assign large numbers of armed forces personnel to civilian duties."

Sri Lanka ban plea

Seven Sri Lankan opposition parties, led by former Prime Minister Mrs Bandaranaike's SLFP, have urged President Jayewardene to remove "unconditionally the ban on the ultra-nationalist JVP, which has been recently responsible for a spate of assassinations, writes Mervyn da Silva in Colombo.

The opposition also demands an end to what it calls "extra-judicial killing and arbitrary arrests".

Chris Sherwell sees Labor lose ground in elections in four states

Other state elections are due in the next 18 months in Victoria, South Australia and Western Australia, all of which have Labor governments. The next national election is still two-and-a-half years away.

His comments followed an unexpected but overwhelming landslide victory in Saturday's New South Wales state election for the opposition coalition of the Liberal and National parties.

Estimated 10 per cent swing in the country's most populous state brought an end to 12 years of Labor rule and a significant majority for the new Premier, 40-year-old Mr Nick Greiner. Although Mr Barrie Unsworth, the Labor leader, held his seat, five of his ministers lost theirs.

At the same time Labor's majorities were slashed in two state by-elections in Western Australia, and there was a swing away from Labor as the Liberals won both a Victorian state by-election and municipal elections in Brisbane.

With the Liberals enjoying a tremendous technological boost to their confidence, the Labor party now goes into a federal by-election in Adelaide this Saturday wondering if it can hold on to a supposedly safe seat.

Acknowledging some responsi-

Zhao appeals for more open government

BY ROBERT THOMSON IN PEKING

CHINA must develop a more open and accountable government, and should be prepared to offer further incentives to attract foreign investment, the Communist Party general-secretary, Zhao Ziyang, said in his most significant speech since taking office last year.

Mr Zhao outlined plans for a new system of local consultation groups which would give ordinary Chinese more influence in policy-making, and dismissed conservative communists' fears about the overheated economy by suggesting that China had a "rare opportunity" for continued high growth.

The address to a meeting of the party's central committee, which ended a plenary session on Saturday, had the flavour of a campaign speech by a western politician. The party boss spoke of the need for a "clean" government that "speaks the truth" and he embraced the cause of "checks and balances", which have rarely bothered the all-powerful party since the revolution in 1949.

The address to a meeting of the party's central committee, which ended a plenary session on Saturday, had the flavour of a campaign speech by a western politician. The party boss spoke of the need for a "clean" government that "speaks the truth" and he embraced the cause of "checks and balances", which have rarely bothered the all-powerful party since the revolution in 1949.

However, the forthright speech leaves Mr Zhao open to criticism should the economy turn sour, and the emphasis on populist themes partly reflects the leadership's fears that ordinary Chinese have become disillusioned with reform.

And Mr Zhao has pre-empted a state-of-the-nation address to be delivered in coming days by the acting Premier, Li Peng, who is known to have tackled similar themes, but more cautiously. Mr Zhao and Mr Li have already shown signs of differing on policy emphases, and their relationship will be a key determinant of China's future.

The general secretary said the



Zhao Ziyang: embracing "checks and balances"

introduction of local consultation groups would give ordinary Chinese more control over the development of transport, housing, welfare and environment policy. "We must speak the truth to the whole people about major incidents concerning social stability, explain policies and enlist people's support and co-operation through extensive dialogues."

On the economy, the tone of

the speech reflected Mr Zhao's belief that China is on the verge of entering a developmental cycle similar to that of Asia's newly industrialised countries, a cycle characterised by consistent double-digit growth.

He said that foreign companies must be tapped for their technology and expertise, and that the country's foreign trade system should be "reformed boldly" to "keep abreast of the sharp competition on the fast-changing international market".

"Communists should be the first to be concerned about their people and country, and the last to enjoy themselves," he concluded.

Chinese president attacks exiled Tibetan leader

BY OUR PEKING CORRESPONDENT

LI XIANNIAN, the Chinese President, has attacked the exiled Tibetan spiritual leader, the Dalai Lama, for allegedly orchestrating recent pro-independence protests in Lhasa, the Tibetan capital.

China has problems handling the Dalai, who still has a strong influence in Tibet, despite having fled to India during a failed uprising in 1959. Peking has frequently invited him to return to the country, though not necessarily to Tibet, but on Saturday President Li accused him of being a "splitter".

"We have respect for the Dalai Lama, but he does not respect China, his motherland. He is actually attempting to split the country up," the President told a

visiting delegation from the National Assembly.

Meanwhile, the official "Tibet daily" has said that the government was overly lenient in dealing with protesters last September, when a series of pro-independence demonstrations began, and so "a small number of separatists have gone even further by stirring up a still bigger incident".

Chinese officials have attempted to characterise the independence movement as comprising only a handful of Tibetans, who are supposedly manipulated by the Dalai Lama. But a March 5 protest, in which thousands of Tibetans took part, was a sign that dissatisfaction with Chinese rule runs deep.

Hawke forced to review policies after NSW opposition victory

PRIME MINISTER Bob Hawke's Labor government in Australia is being forced to review its policies after the party was thrown out of power in New South Wales and suffered a sharp loss of electoral support in three other states.

Although it was not immediately clear whether the federal Government's five years of pragmatic economic policies were at risk, a chastened Mr Hawke acknowledged yesterday that he and the party might need to "do things differently".

His comments followed an unexpected but overwhelming landslide victory in Saturday's New South Wales state election for the opposition coalition of the Liberal and National parties.

Estimated 10 per cent swing in the country's most populous state brought an end to 12 years of Labor rule and a significant majority for the new Premier, 40-year-old Mr Nick Greiner. Although Mr Barrie Unsworth, the Labor leader, held his seat, five of his ministers lost theirs.

At the same time Labor's majorities were slashed in two state by-elections in Western Australia, and there was a swing away from Labor as the Liberals won both a Victorian state by-election and municipal elections in Brisbane.

With the Liberals enjoying a tremendous technological boost to their confidence, the Labor party now goes into a federal by-election in Adelaide this Saturday wondering if it can hold on to a supposedly safe seat.

Acknowledging some responsi-

bility for the outcome, Mr Hawke yesterday admitted the party needed to re-examine itself, its direction and its communication with voters. He confirmed there would be a review of "where we are and what we are going to do" in which "everything will be on the table".

What it will have to face is the unpalatable confirmation that, as Mr Hawke's critics have been saying, the party now seems to have lost touch with its traditional base. In droves, supporters have deserted it in the coal and steel areas around Newcastle, in the sprawling western suburbs of Sydney and in the country towns.

Giving his view last night, Mr Greiner said there was a lesson for Mr Hawke who, he said, was "symbolic of the sort of arrogance of the New South Wales Right which I think is the underlying reason why so many solid Labor areas deserted their voting roots, their traditional patterns of behaviour".

Mr John Howard, the Liberals' national leader, also blamed Mr Hawke, saying the outcome was "a classic example of the little man with a big head who's grossly out of touch with what average Australians now think".

It remains to be seen whether the state election was fought mostly on local issues, and that the Liberals nationally do not yet have a coherent set of alternative policies to offer to the Australian electorate, and have so far profited mostly by the gaffes and disunity shown by Labor.

Interest Rate Change

Allied Irish Banks plc announces that with effect from close of business on 18th March 1988, its Base Rate was decreased from 9% to 8½% p.a.

Allied Irish Bank

Head Office — Britain: 66/66 Coleman Street, London EC2R 5AL. Tel: 01-588 0691

and branches throughout the country.

General Management in CH-4002 Basle, Aeschenplatz 6, and in CH-8022 Zurich, Paradeplatz 6. Over 200 offices throughout Switzerland. Worldwide network (branches, subsidiaries and representatives): Europe: Amsterdam, Edinburgh, Frankfurt, London, Luxembourg, Madrid, Manchester, Monte Carlo, Munich, Paris, North America: Atlanta, Calgary, Chicago, Dallas, Houston, Los Angeles, Miami, Montreal, New York, San Francisco, Toronto, Vancouver. Latin America: Bogota, Buenos Aires, Caracas, Lima, Mexico, Panama, Rio de Janeiro, Sao Paulo. Caribbean: Grand Cayman, Nassau. Middle East: Bahrain, Cairo, Tehran. Africa: Johannesburg, Asia: Hong Kong, Osaka, Singapore, Tokyo. Australia: Melbourne, Sydney.

Swiss Bank Corporation
Schweizerischer Bankverein
Société de Banque Suisse
The key Swiss bank

Argentine phone contract battle takes fresh turn

By TIM COOKE in BUENOS AIRES

THE BATTLE over highly lucrative telephone contracts in Argentina took another dramatic turn at the weekend, with the announcement that the state telephone company, Entel, is to be partially privatised with up to 40 per cent being sold to the Spanish state-owned telephone company, Compania Telefonica Nacional de Espana (CTNE).

Over the past year, Alcatel of France, Siemens of West Germany, and NEC of Japan have all put forward proposals to modernise and expand Argentina's telephone system, offering attractive long-term financing packages, which together total almost \$1bn (561m). No decision has been taken yet on any of the proposals.

CTNE has now entered the fray as a result of the preferential economic cooperation agreement signed between Argentina and Spain last month and which envisages new investments in Argentina of up to \$3bn over five years, through a mixture of new credit lines, repatriation of capital and debt-equity swaps.

Significantly, Mr Rodolfo Tarragona, the Argentine Minister for Public Works and Services, who announced the Entel privatisation plan, said that the debt-equity swap mechanism will be utilised in CTNE's buy-in to the company.

This is a major departure from earlier government policy which has until now prohibited the use of debt-equity swaps in privatisation projects.

Mr Tarragona explained, however, that the Entel plan involves an expansion of the company, through new investment of between \$600-\$800m by CTNE rather than a sale of existing assets.

A senior Entel official last year estimated the gross assets of the company to be about \$3.7bn. The company, at present, operates 2.9m telephone lines and is unable to satisfy a demand for a further 2.5m lines.

For the privatisation, to go through, the legal status of Entel will have to be changed, which will require a special law to be passed by congress.

As the government no longer holds a majority in either House of the congress, an intense political battle is anticipated.

Thai hydro-electric dam project may be shelved

By PETER UNGPHAKORN in BANGKOK

A TOP-LEVEL Thai Government committee has decided to recommend shelving the controversial Raiti 106m (322m) hydro-electric dam project that would have been built in the country's largest wildlife sanctuary.

For six months the Nam Chon Dam has been hotly debated, inside and outside Thailand, with demonstrations in Bangkok and the province concerned, articles in the British Ecologist magazine and interventions from Prince Bernhard of Holland and, more directly, the Duke of Edinburgh and Prince Charles.

The committee, headed by General Thienchai Sirisamphan, a Deputy Prime Minister and former army commander-in-chief, amounting to Thailand's first attempt at public consultation on an issue of national importance.

It decided on Friday that, although the economic benefits

Turkey maps out debt strategy

By Ian Rodger in Ankara

THE TURKISH government has mapped out a comprehensive, medium-term, three-year debt servicing strategy, and has absolutely no intention of re-achieving its

target of 10 days ago.

As light aircraft, pesticides and spraying equipment arrive, the authorities in Rabat are hoping to increase the areas they can treat every day from 25,000 to 45,000 ha.

Apart from the relative lack of equipment, the fight is hampered by the winds over southern Morocco and the Western Sahara which are blowing towards the north-west.

These winds are helping the locusts towards the rich Souss farming area which lies around the coastal tourist resort of Agadir. At this time of year, the prevailing winds are usually south-easterly.

The presence of nomads, along with the fact that initial stocks of pesticides were often 20 years old, and thus less efficient, is not making the task of the authorities easier.

Since the middle of last week,

Spain has also dispatched two DC-6 aircraft loaded with pesticides and spraying equipment.

West Germany has sent 100,000 tonnes of pesticides while the UK

will be dispatching £50,000-worth of spraying equipment and the European Community has pledged £1m (600,000).

The USAid chartered DC-8 aircraft unloaded 50,000 litres of Malathion pesticide in Agadir yesterday. Both aircraft flew straight back to New Jersey to reload.

OVERSEAS NEWS

Aid is coming from overseas but the fight is being hampered, Francis Ghiles writes

Morocco steps up war against locusts

The worst affected area is centred around the small town of Goulimine south of Agadir, but the locusts have already invaded the Draa Valley which lies north of Zagora and reached Ouarzazate.

Until a week or so ago, the dispute over the status of the Western Sahara appears to have prevented Morocco and Algeria from exchanging information about the danger they face.

One senior Moroccan official has confirmed that the countries are now co-operating, at least where the movement of light aircraft is concerned.

Co-operation between the North African countries from Morocco to Libya, will be needed on a far broader front as the locusts are not simply swarming over southern Morocco. Algeria, Tunisia and Libya are facing a similar plague.



Destroying the locusts is going to be a long and arduous affair, which could take up to two years. Within the frontiers of Morocco and over the past the two

months, observers in Rabat believe that about half the "hopper bands" - that is, locusts in larval form which have no wings and thus travel on the ground - have been destroyed.

The others, however, have laid eggs, which take 50 to 60 days to hatch, two or three inches underground. The exceptionally heavy rains which fell during the winter and the warm weather since are shortening the time it takes for the eggs to hatch.

Pesticides, which need to be applied every few days, are either sprayed from the air, or from the ground by people carrying backpacks and working with the help of Land Rovers.

Deterring the locusts in an area of sand, rock and scrubland is difficult. Adult locusts must be sprayed between dawn and 10am when they start flying, or in the evening.

New oil find in Venezuela

By Joe Mann in Caracas

AN OPERATING unit of Venezuela's national oil company said this weekend that it has discovered new crude oil reserves estimated at 1.2bn barrels and natural gas reserves of 2.8 trillion cubic feet in eastern Venezuela.

The new find represents an addition to huge fields the government has identified.

SHIPPING REPORT

Dry cargo market stays focus of attention

By KEVIN BROWN, TRANSPORT CORRESPONDENT

THE dry cargo market remained the centre of attention last week as China took a reported 10 vessels in the Atlantic and Pacific trades for grain transport.

This development, which followed renewed activity from Soviet charterers on the Atlantic, led to a strong upward movement in freight rates.

There also had been a damaging period in January and early February when the lira was under pressure on the unregulated foreign exchange markets, said Mr Saracoglu.

A DM 300m (7100m) bond issue on the Frankfurt stock exchange signed in mid-February had already been secured, he said. It went very successfully and more than 95 per cent was sold to final investors, rather than being retained by the banks.

The Thai Cabinet is almost certain to accept the recommendation, thereby probably killing the project, since it has already been under study for about 10 years.

The recommendation is a setback for the state-owned Electricity Generating Authority of Thailand (EGAT), which had hoped to use Nam Chon's planned 380 Mw power output to supply 6 per cent of the country's peak demand by 1997.

EGAT expects Thailand's strong economic growth to increase demand by 7 per cent annually over the next 15-20 years, but electricity demand grew by 14 per cent last year.

EGAT will now have to invest

commercial charterers were faced with demands for up to \$25 million for Panamax tonnage in the US Gulf to Japan grain trade, and \$16.75 for the trip from the US North Pacific to Japan.

Denholm Coates, the London brokers, said prospects for the next few weeks appeared good in both the Atlantic and Pacific

markets.

In the tanker market, brokers said charterers were waiting for crude oil prices to reach their lowest level before committing themselves to tonnage.

Owners' problems in the Middle East Gulf were also complicated by a resumption of attacks on merchant shipping after a

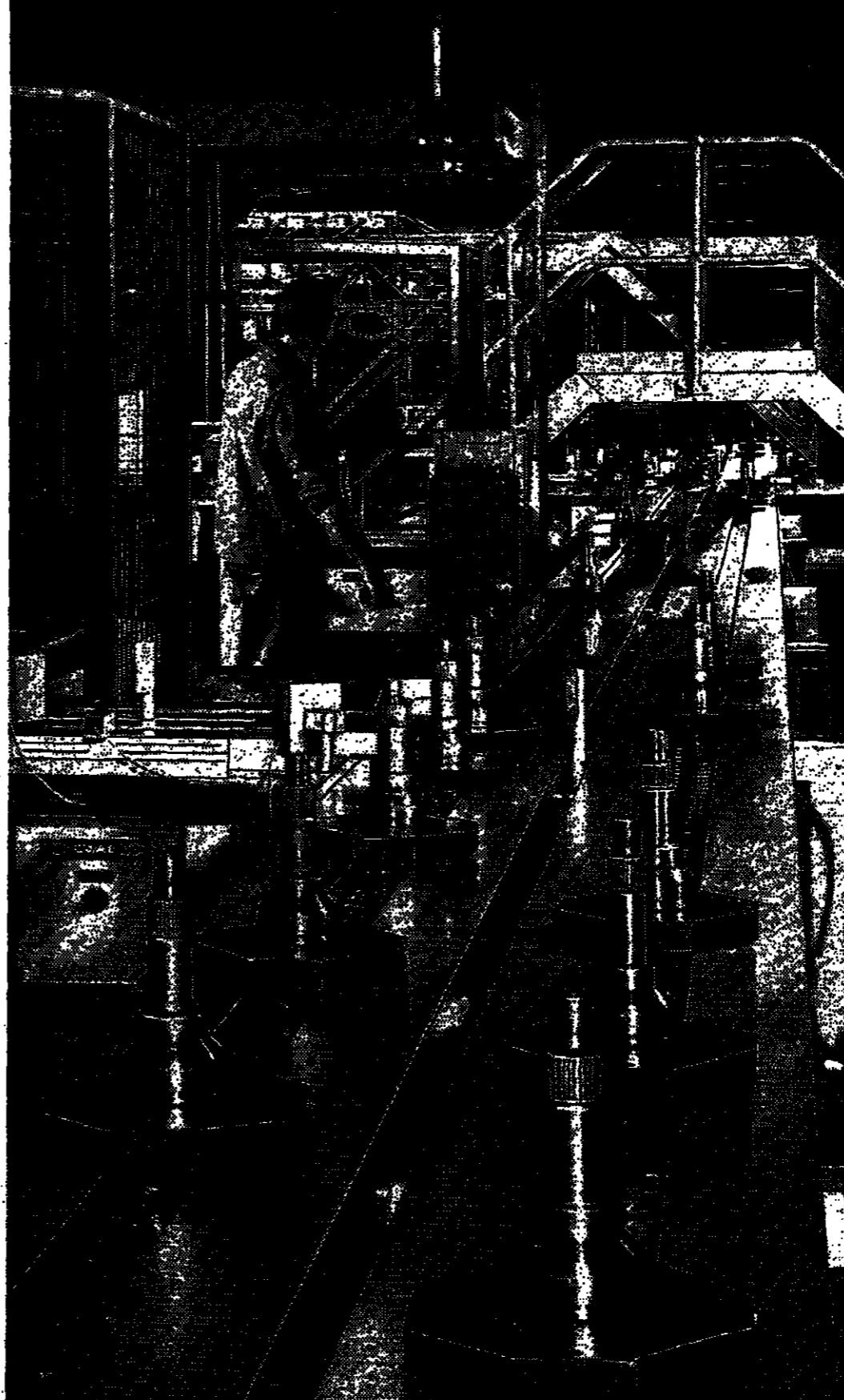
period of relative calm.

E.A. Gibson, the London brokers, said the market had been extremely quiet since a flurry of business at the end of the previous week.

The only reported Middle East Gulf business was for eastern destinations.

SIEMENS

We're helping Hardy Spicer achieve world beating performance right down the line



Hardy Spicer Ltd. are boosting productivity and quality in the manufacture of constant velocity joints, by introducing innovative new technology, with the help of Siemens production control equipment on their automated lines.

Programmable conveyors carry parts through progressive machine operations, using loop conveyors, gantries and pick-and-place robots.

Siemens have supplied the controls and drives for the handling devices and machines, and operate 24 hour site-based service and maintenance.

Siemens is one of the world's largest and most innovative electrical and electronics companies, with a clear commitment to providing a consistently high standard of service to our customers - particularly in

- Medical Engineering
- Factory Automation
- Communication and Information Systems
- Electronic Components
- Telecommunication Networks

In the UK alone we employ around 3000 people in five manufacturing plants, research and development, engineering, service and other customer related activities.

For further information on Siemens send for our new booklet 'Siemens in the UK.'

Siemens Limited, Siemens House, Eaton Bank, Congleton, Cheshire, CW12 1PH, Telephone: 0260 278311



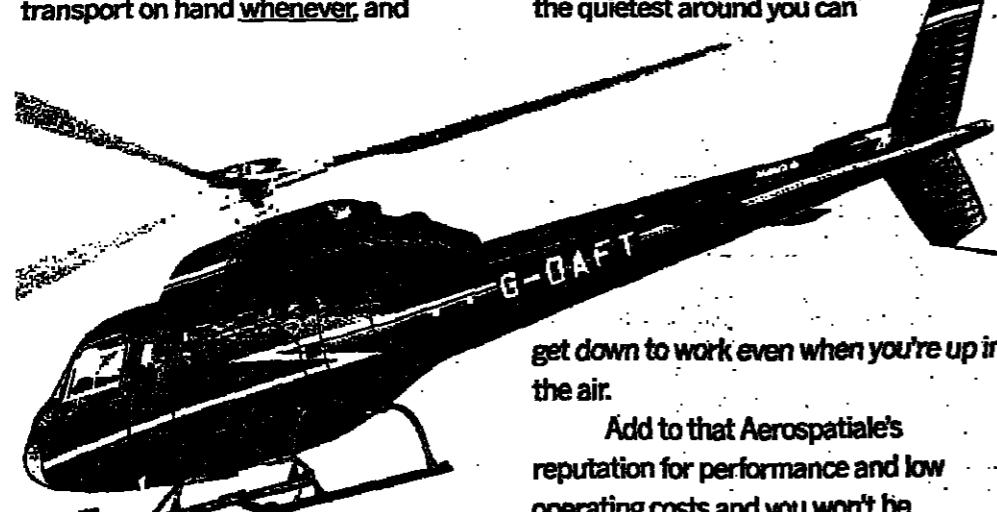
SINUMERIK®: Metal cutting machine and gantry control.

Innovation
Technology
Quality
Siemens

The company helicopter. A flight of fancy?

If you think that owning a helicopter is an expensive corporate whim, yet you and your key personnel need fast reliable transport on hand whenever and

helicopters are equipped to the highest standards of reliability and comfort, and because they're the quietest around you can



get down to work even when you're up in the air.

Add to that Aerospatiale's reputation for performance and low operating costs and you won't be surprised to learn they're the most popular business helicopters in the UK.

Fancy that?

MALPINE
HELICOPTERS

The business helicopter company

Sole UK distributor for
Aerospatiale for over 10 years.

Hayes Helicopter, Swallowfield, Wex Hayes, Middlesbrough, Telephone: 01-948 35222, Facsimile: 01-661 4079, Telex: 933286 MCHEL G

Our range of Aerospatiale

BANK OF IRELAND BASE RATE

Bank of Ireland announces that with effect from close of business on 21 March 1988 its Base Rate is decreased from 9.00% to 8.50% p.a.

Bank of Ireland
Established 1783
Area Office 36 Queen St London EC4R 1BN

State Bank of India

State Bank of India announces that its base rate is reduced from 9.1% to 8.51% per annum with effect from March 18, 1988

Main Office in the U.K.
State Bank House, 1 Milk Street, London EC2

Rentals

PRUDENTIAL
Property Services
Residential Lettings Residential Lettings Residential Lettings
WAPPING, E1 £250 pw
Attractively furnished and decorated 4 bedroom modern town house well located for the City and shopping. 8 - 12 months.
Prudential Property Services Docklands Office: 01-538 4921 or Tower Bridge Office: 01-357 6911

ISLINGTON & ENVIRONS - ANTIQUES TO HIGH TECH
Both worlds merge in this exciting area adjacent to the City. Selection of viewed and recommended rental properties ranging from £150 pw - £450 pw
Prudential Property Services Islington Office: 01-225 0272

Chiltern Street, W1
A purpose built penthouse. Large 3 bed flat newly dec'd. 2 rec'gs, 2 baths & kt. £450 pw. Long Let
Chelms Crescent, SW10
Overlooking the River Thames. 3rd floor flat. Mod furn. 3 beds, large rec'g, 2 baths, garage. £750 pw

Bigwood
01-491 7280

Art Galleries

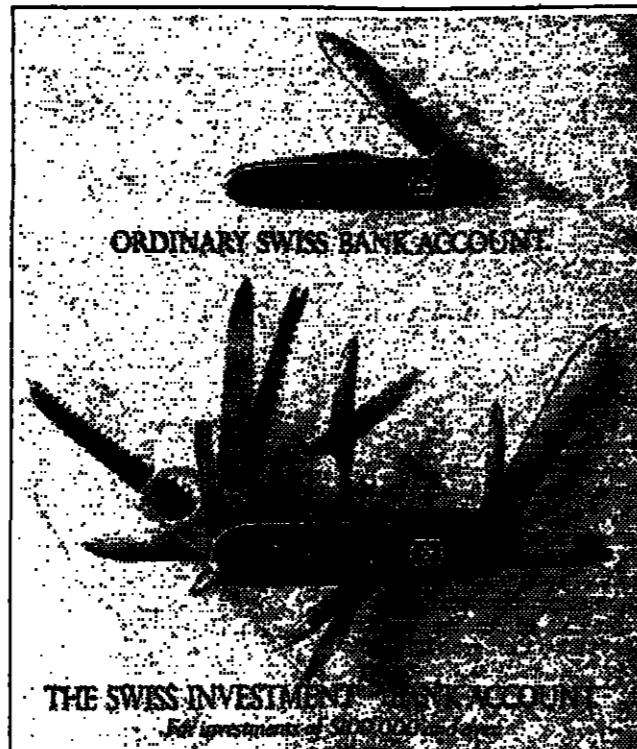
ONLINE GALLERIES - an exhibition of Paintings by the Old Masters and Pictures by the Modern Masters. 11th-19th March. 10-5pm. 1000 St. James's Street, London SW1. Tel: 01-580 7744. Mon-Fri 9.30-5 Sat 10-1pm

J P L Fine Arts
26 Davies Street, London W1
01-493 2630. Edouard VUILLARD - Paintings, Pastels, Water colours and Drawings. 16th Feb - 13th April.
Catalogue available

TO ADVERTISE PROPERTY TO RENT

Furnished lettings
Company and Embassy Lets
Long and Short Term
All appear in the FT every Monday and Saturday

Further details from Clive Booth,
TELEPHONE 01-248 5284
FAX 01-248 4601



If you have \$100,000 to invest, we offer the opportunity to centralise your affairs, from your investment portfolio right down to standing orders, in one place. We'll also make ready credit available and give you immediate access to your account wherever you are in the world, plus expert tax advice.

To find out more telephone Michael Vlahovic on 010 4131 224051, or cut the coupon - you'll find just the instrument for this on any superior Swiss Army knife.

Please send me a brochure on The Swiss Investment Bank Account. To: Bank von Ern & Cie AG, Marktgasse 63/65, PO Box 2622, 3001 Bern, Switzerland. (Details to be treated in utmost confidence)

Name _____

Address _____

Tel: (home) _____ (business) _____

EST. 1869
HILLSAMUEL INVESTMENT SERVICES INTERNATIONAL S.A.

It's attention to detail
like providing the Financial Times to business clients, that makes a great hotel chain. Complimentary copies of the Financial Times are available to guests staying at the Novotel Sophia Antipolis, the Novotel Nice Cap 3000, the Novotel Strasbourg Sud, the Novotel Paris Les Halles and the Novotel Toulouse Centre.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

novotel

CARLTON SMITH & CO

LLOYD'S WHARF, MILL ST,
LONDON SW1

Lovely flat with high ceilings and polished
bamboo. 10 mins from Tower Bridge.
£200 per week

LURALDA GARDENS,
ISLE OF DOGS, LONDON E14

1 bed flat with balcony. 10 mins from Tower
Bridge. £200 per week.

Tel: 01-488 9017

PAYNE & CO.

SURVEY/SURVEY/KENT
SUSSEX/KENT

• Detached 20 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.

• Detached 10 acres. Enclosed grounds 10 mins from Tonbridge.
£200 per week.



The 300TE: 188 DIN/hp, 0-62 mph 8.8 seconds, top speed 130 mph

Every estate car is designed to be practical. As a single design objective this is quite easily achieved: all you need is a van with an extra set of windows.

However, the concept of marrying a practical load space with the quality of drive and comfort of a saloon car is a different matter altogether. After all, should luxury, comfort and style be the sole preserve of saloon cars? Mercedes-Benz

don't think so and have more than proved their point with the T-series. Why shouldn't an estate car driver be in control of a high-powered engine with smooth, responsive performance? Why shouldn't an estate car driver be able to take a corner at speed with confidence or drive long distances without weariness or discomfort? The T-series was purpose designed to provide extra space but not at the expense of those qualities that make a car a Mercedes-Benz.

To be judged a luxury car an estate needs to have a refined engine of two litres or more, power-assisted steering, a quiet interior with low wind and road noise, a smooth, comfortable ride, a stable suspension system for good road-holding and a high cruising speed for effortless long distance travel.

With the 2 litre 200T that is exactly what you get. Not to mention the many other standard features like the separate passenger and driver heating controls, tinted safety glass all round, heated windscreen washer nozzles, and the reason most people decide on an estate in the first place: a large load space that has a multiplicity of space variations with a rear bench seat that divides (one third/two thirds) and a front passenger seat that folds right back.

There are, of course, optional extras you can add yourself. Such as a power-assisted tilt or slide sunroof, cruise-control and a third row of rear-facing

seats which folds down flush with the floor. Should your motoring require an even higher degree of sophistication, the 2.3 litre 230TE and 3 litre 300TE will more than adequately provide it.

The top of the range 300TE has a powerful six cylinder, 188 DIN/hp engine which outperforms most luxury cars in its class. On the test track it can easily achieve 130 mph and its 0 to 60 time is less than 9 seconds (manufacturer's figures). It also has automatic four-speed transmission with sport and economy selection, ABS braking and electrically operated windows as standard.

Completing the range is the 2.5 litre 250TD which has a supremely refined five cylinder diesel engine. It also shares a whole range of unique Mercedes-Benz features standard on all T-series models. These include a self-activated electric motor which firmly shuts the tailgate once it is in the 'close' position, the multi-link rear suspension system which incorporates a self-levelling device for sure-footed roadholding irrespective of load, electronic seat-belt tensioners which take up the slack in the front seat-belts on impact and, as you'd expect, energy absorbing front and rear crumple zones, with the rigid passenger safety cell which Mercedes-Benz invented.

All in all, four superb estate cars with an intricate variety of options and every conceivable comfort you'd expect from a luxury car. Proving that with a Mercedes-Benz estate you don't go without sophistication, you get it all with room to spare.



ENGINEERED LIKE NO OTHER CAR
IN THE WORLD.



The Touche Ross Guide to Business Responsiveness:

1. Solving knottier problems with patience and intellect.

The last five years have been extremely challenging for corporate strategists in the UK.

Takeovers. Mergers. Buy-outs. The boom has kept them on their toes, but with so many plotters about all too many planners have been found lacking.

Not at Touche Ross though.

Our corporate finance specialists steep themselves in the latest developments so they're ready for the trickiest problems.

Take I.C. Gas, for example.

Late in 1986, to enhance the value of shareholders' interests, it

was decided to split I.C. Gas into two companies with separate Stock Exchange quotations.

A radical solution, undoubtedly, but it gave rise to a sizeable tax headache - how could we achieve the split without triggering any tax liabilities on the company or its shareholders?

Touche Ross taxation specialists now stepped in, and the form of reconstruction was devised which met commercial and company law requirements without incurring any tax liabilities.

As a result, shareholders in I.C. Gas received shares in two new companies - Calor Group plc and Contibel Holdings plc - and the

combined value was much more than the value of I.C. Gas.

So if business problems are tying you up too, we may well have the key. Why not get in touch?

Please telephone or write to Geoffrey Parker at our London office. You'll find us very responsive to the business problems you face.

For the sure touch, get in Touche.
Touche Ross

Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

Touche Ross is one of the leading firms of accountants and management consultants, with 28 offices in the UK and 488 offices in 87 countries throughout the world.

UK NEWS

Poll tax data to help compare council spending

BY PETER RIDDELL, POLITICAL EDITOR

LOCAL AUTHORITIES' spending-level comparisons will be sent to every adult in England and Wales when the community charge, or poll tax, is introduced in April 1990. Mr Nicholas Ridley, Environment Secretary, said at the weekend.

He was addressing the Conservative Central Council's annual meeting, held this year at Buxton, Derbyshire.

He said that each April adults would receive an envelope containing information not only on the amount of tax to be paid but also on national standard levels of spending and charge.

This is part of the Government's attempt to strengthen accountability and the pressure on what it sees as high-spending local authorities.

Mr Ridley said: one council would spend levels of county, district and parish spending, less government grant, and the proceeds of the uniform business rate, leaving the amount of com-

munity charge to be paid.

Another council would state the sum if the council were providing a standard level of service efficiently, taking account of its particular needs.

He said this year the total would have been £178 per head everywhere in England.

Moreover, "once the full system is in place the charge will always be the same in every area, if all councils provide the same level of service taking account of their needs at the same level of efficiency."

In relation to the uniform business rate he repeated his assurances that there would be an annual calling on rates rises, though it would be hard to estimate what that should be until revaluation was completed.

He suggested smaller businesses should have a lower annual percentage rise, though this smoothing of losses would have to be accompanied by smoothing of gains too.

Business 'will face more competition after 1992'

BY OUR POLITICAL EDITOR

BRITISH companies need to appreciate that they will face more competition after completion of the European internal market in 1992, Mr Francis Maude, minister responsible for corporate affairs, said yesterday.

Mr Maude said the Government had negotiated the measures creating a single market and so had a duty to tell businesses about them. He was speaking at a conference of the Bow Group, the Tory research body, in Oxford.

He sought to reply to Labour criticism that industry would suffer after 1992 unless the Government protected British interests more actively. Mr Maude said the Government believed business would prosper rather than suffer when challenged in the marketplace.

He stressed his hope that the deadline of the end of this year set by heads of European Com-

munity governments for decisions on liberalisation of capital movements could be met.

He also discussed advantages and problems created by the extension of qualified majority voting of EC governments to a number of single market areas.

He pointed as an example to agreement on a common position on sale of insurance services from one member state into another without establishing a local presence in the host market.

Mr Maude warned that if unused, qualified majority voting could make it more difficult rather than less to make progress.

This could happen if the European Commission was tempted to bring forward proposals under the article providing for qualified majority voting when other articles requiring unanimity might be more appropriate.

Think tank supports Thatcher on curriculum

By David Thomas

A NATIONAL education curriculum should restrict itself to setting clear minimum standards for the three core subjects of English, mathematics and science.

That is the conclusion of a report published yesterday by the Centre for Policy Studies, a right-wing think tank.

The education reform bill, now going through Parliament, proposes a national curriculum for the first time, but the report content is still being considered.

The CPS report will be seen along with Mrs Margaret Thatcher, the Prime Minister, who is recently linked to Kenneth Baker, the Education Secretary, proposed uniform fees for children at ages 7, 11, 14 and 16. These would allow a lower annual percentage rise, though this smoothing of losses would have to be accompanied by smoothing of gains too.

Dr Sheila Lawlor, the report's author, believes the national curriculum could do more harm than good if it is influenced by the views of the educational establishment, which she argues have contributed to poor standards.

These views, as described by the report, include the belief that there are no absolute standards; the lack of stress on teaching bodies of knowledge; an emphasis on learning through practice, investigation, discussion and games, rather than through written means; a search for "relevance" in teaching including social relevance; and the belief that subjects should be interdisciplinary.

The report concludes: "Things may get even worse if the assumptions and practices of what is known as the 'education service' become legitimised under the new act."

Instead, the report proposes a series of requirements to be reached by all children in English, maths and science by the ages of 7, 11, 14 and (for English) 16. The requirements centre on basic numeracy and literacy and are seen as minimums for the average child.

Correct Core: Simple curricula for English, maths and science. CPS, 3 Willard Street, London SW1E 6PL. 23.50.

Michael Dixon explains education officers' responses to the planned abolition of Illea

Preparing to plug gaps in London's teaching



Michael Dixon

AS THE LONDON schools' steel bands strike up at the Barbican Centre tonight, the leaders of the former London Education Authority will be hoping the young musicians hit a political note responding far beyond the concert hall. The Government has condemned Illea to be broken up on March 31 1990, and the Labour councillors who rule over it are already orchestrating a campaign to keep it together.

The 13 boroughs are Camden, Islington, Hackney, Tower Hamlets, Greenwich, Lewisham, Southwark, Lambeth, Wandsworth, Hammersmith and Fulham, Kensington and Chelsea, Westminster, and the City of London.

Preparations are more developed in some areas than others, but there are few, if any, which have not made some provisions.

"I know we may seem disloyal to our elected political leaders in anticipating that Illea's abolition will go through," said one senior official.

"But it is our job to provide local people with the services they're entitled to expect, and we have a duty to be ready for foreseeable changes, especially those with potential problems like this one has."

The London Schools Steel Orchestra is yet another example of the excellent quality of musical provision within Illea," said Mr Bernard Wilshire, the authority's deputy leader. "Unfortunately, the Government's threatened abolition of the authority places the hopes and ambitions of these young musicians in jeopardy."

Nevertheless, while the Labour politicians are campaigning to prevent the change, officials who one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint of staff within the boroughs' administrative offices, however, the main potential problems are not the same as the difficulties predicted by interested parties outside."

For example, public concern has been focused in inner London schools and colleges built to serve the central capital as a whole, but sited in the wrong places to enable each separate borough to provide an adequate educational service for its area's population. But that difficulty is

one which the administrators think will fairly easily be overcome. As another senior official said:

"The fact is that all children who go home from a particular school on March 31 1990, when Illea is abolished, will go back to the same school on April 1, even if the borough running it is not the borough in which they live. The only transfers that take place will be in the accounts of the relevant local authorities. We are all making accountancy transfers like that all the time."

"It is true there are some things that will be less easily dealt with. One instance is Illea

from the viewpoint

UK NEWS

Truce expected in dispute over coal imports

BY MAX WILKINSON, RESOURCES EDITOR

THE South of Scotland Electricity Board is today expected to agree a three-month truce with British Coal in the battle over cheap imported coal.

Negotiations were held over the weekend after ministers had told the two parties to get together again.

As part of the truce, British Coal would ask the High Court in Edinburgh to lift its injunction which prevents the SSEB from importing coal to burn at Cottam and Longannet power stations.

British Coal obtained the injunction after charging the SSEB with trying to break a long-standing agreement to buy domestically-produced coal for two power stations. The SSEB claims that British Coal's prices are much too high and that it can do better in the world market.

Negotiations for the two sides this weekend agreed that the SSEB would continue to take a substantial tonnage from British Coal for three months. The prices agreed are thought to be similar to those charged by British Coal before the dispute broke out.

One of the main arguments is about the tonnage which should be supplied at prices related to those on world spot markets. If the SSEB ratifies the agreed shares.

Government efforts fail to speed up road repairs

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

GOVERNMENT efforts to speed up the rate of road repairs have failed to bring about significant improvements, according to a Transport Department report.

The National Road Maintenance Condition Survey, which excludes motorways and roads in Scotland and Northern Ireland, shows that the condition of the road system was generally unchanged from 1986 to 1987.

The report says it is too early to conclude that a steady deterioration in the system since 1986 has been halted, and points out that conditions remain worse than in 1977, when surveys started.

Mr Peter Bottomley, the roads minister, said the survey showed a small, but not statistically significant improvement which suggested conditions were being improved by an expanded maintenance programme which is intended to clear the backlog of repairs on the motorway and

"The perfect match according to KLM."

If Holland is your goal then with 100 services each week from 6 UK airports KLM is top of the league.

The Reliable Airline **KLM**
Royal Dutch Airlines

CAN YOUR COMPANY

Perform Bending, Stretching and Finishing of stainless steel profile and sheets, to stringent quality requirements? Do you have up-to-date, modern equipment and structure in this technology?

If yes contact us urgently.

One of our Companies in Western Europe is seeking a suitable Supplier for thousands of hours of this type of work.

Please write to Box F8000, Financial Times,
10 Cannon Street, London EC4P 4BY

CITYCALL AMERICAN SERVICES

Interested in today's US Federal Budget Figures, or just general news of US business?

You should be keeping in touch with Citycall.

WORLD MARKETS REPORT 0898 12 12 11
AMERICAN STOCKS 0898 12 12 95
WALL STREET REPORT 0898 12 17 12
MERRILL LYNCH REPORT 0898 12 12 96
AMERICAN NEWS 0898 12 17 11

CITYCALL

Calls are charged at 5p for 12 seconds off-peak/8 seconds peak inc VAT. A BRITISH TELECOM SERVICE

Kleinwort man 'to be Hill Samuel unit head'

By Nick Bunker

HILL SAMUEL, the merchant bank, says it is to hire Mr Bay Green as head of corporate finance. He is now a senior figure at Kleinwort Benson, one of Hill Samuel's biggest rivals.

Mr David Davies, group chief executive of Hill Samuel, said yesterday that Mr Green had been recruited with the help of headhunters and was expected to join the bank in the next two months.

The argument, which many have seen as a trial of strength prompted by the Government's plans to privatise the electricity industry, has embarrassed ministers by its bitterness. The SSEB has threatened to close the two power stations if it cannot import coal for them, and it recently announced that it has agreed to buy a large tonnage of imports for another power station in Scotland.

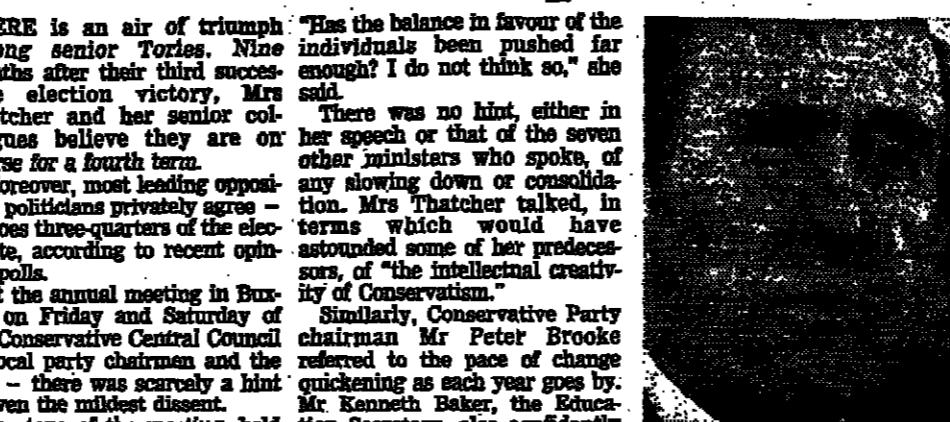
British Coal has warned that many jobs will be lost if it is forced to close the pits supplying Cottam and Longannet. The Government has given British Coal permission to its subsidiary Coal Products, which makes coke and other fuels.

The loss was recorded in British Coal's accounts for the year ended March 1987. Mr Cecil Wilkinson, the Energy Secretary, said he had agreed that British Coal should waive the debt and cancel £22.5m of preference shares.

There was much more to do.

Peter Riddell reports from the annual Conservative Central Council meeting at Buxton

Sense of triumph dominates Tory gathering



Peter Brooke: pace of change is quickening

There is an air of triumph among senior Tories. Nine months after their third successive election victory, Mrs Thatcher and her senior colleagues believe they are on course for a fourth term.

Moreover, most leading opposition politicians privately agree – as does three-quarters of the electorate, according to recent opinion polls.

At the annual meeting in Buxton on Friday and Saturday of the Conservative Central Council – local party chairman and the like – there was scarcely a hint of even the mildest dissent.

The tone of the meeting, held before news came through of the latest barbs of IRA supporters in Belfast, was confident, even at times sang and complacent, among the generals on the political front and the colonels on the floor.

The opposition parties were dismissed with scorn and smiles. The disruption of the Budget last Tuesday and Friday's abandonment of plans for a plant at Drem due to trade union attitudes were gifts for the Tories.

Labour was written off since like "one of those prehistoric mammoths we sometimes discover trapped in the Siberian ice,"

There was much more to do.

senior ministers believe they retain the initiative. For all the strength of individual shadow Cabinet members, they regard Labour as unelectable as long as Mr Neil Kinnock remains leader, while the centre parties are seen as a spent force.

The phrase, "we live in a one-party state," is heard more and more among Tory MPs. Commentators may worry about signs of authoritarianism, insensitivity to the plight of the poor and two nations.

However, ministers believe they have the time and political strength to ride out problems like the expected future over next month's social security changes and the introduction of the poll tax in England and Wales in 1990. The latter may aggravate the usual mid-term dip, but is seen as manageable.

It still clings to the tenets of pre-millennial socialism."

The universe of the former Alliance is divided as "a small world turned upside down," and the divided result was "a party without a leader and a leader without a party."

All this is much more than Just propaganda for the faithful. Most

Company pay forums called for

By Peter Riddell,
Political Editor

A SINGLE forum for negotiating pay and rewards for executives and all groups of workers should be created in each company, Mr Michael Meacher, Labour's employment spokesman, urged yesterday.

He told a conference of the West Midlands Regional Labour

Party that, to secure a more equal distribution of rewards, the present separate mechanisms of collective bargaining for manual workers, private negotiations for white-collar workers and personal contracts for top executives should be ended. Instead, there should be a single forum where pay increases for all staff could be jointly agreed.

Mr Meacher produced a series of proposals which he wants to see emerge from the party policy review in order to tackle Britain's deepening class divide.

He also suggested that Labour should reinforce its backing for the principle of a national minimum wage by naming an actual target figure, perhaps around the £100-a-week mark currently, to be introduced gradually over three years.

Labour should, he said, not only commit itself to a crash programme of 1m jobs in two years, but also to a continuing push towards full employment.

Leadership race dominates Democrat rally

By MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE Social and Liberal Democrats gathered in revivalist mood at Central Hall, Westminster on Saturday to preach the gospel of new-found harmony and to identify and condemn all unbelievers.

More than 1,000 supporters of the new party made their way to London's principal Methodist meeting place for an SLD rally which was intended to end feuds and to begin restoring credibility to centre-ground politics.

There was much talk of the confluence of political streams, the scaling of mountainous peaks, of unity and fraternity, of democracy – under threat of the enemy – redefined to include the Owenite SDP – and the battle which lay ahead.

But the attention of those attending the first post-merger rally was concentrated not so much on the struggle to come as on who would lead it. With the forthcoming leadership contest to the fore, likely contenders took part in an inevitable political "beauty contest."

Mr Malcolm Bruce, whose grassroots popularity makes for a less than dynamic parliamentary presence, spoke warmly on continuity.

Mr Alan Beith's Budget onslaught drew laughter from a Simeon wrestling "Lam Son" who was combed with the First Lord of the Treasury.

Mr Paddy Ashdown, the swashbuckling, mandarin-speaking MP for Yeovil, mounted an unimpressive attack on Mr Kenneth Baker.

There was a better reception for the Get Well Soon message which went out to Mr Charles Kennedy, the 28-year-old MP who was kept away by illness. Mr Kennedy, however, has said he will not stand for the leadership and last week came out in support of Mr David Steel.

Mr Ashdown, the apparent favourite to become the first Democrat leader in July, did not find the contest as much of a walkover as some have suggested. The indications yes-

terday were that his support among parliamentary colleagues is on the wane. They regard him as unpredictable and as something of a loner, although most still believe that if Mr Steel withdraws, Mr Ashdown could be left in pole position.

Mr Robert Maclean, the other joint leader of the SLD whose future intentions remain a mystery, appeared to get off to a bad start by referring only to fellow social democrats – recovering in time to embrace "Liberals, Democrats all."

He drove home the message that the Labour party was in irreversible decline, with the Democrats ready to fill the breach.

The theme was also picked up by Mr Steel, who keeps everyone guessing – including himself – about his intentions. He is reported to have told colleagues little more than a week ago that he would not stand, but has since reopened the possibility.

If emerged at the weekend that one of those not hanging on to see which way he jumps is Mr Alec McGivern, one of Mr Steel's closest lieutenants, who is taking up a two-year post with the corporation in London.

His departure at once led to the confirmation of Mr Andy Ellis, the former general secretary of the Liberal party, as the SLD's 20,000-a-year chief executive.

Whether he stands or not, Mr Steel's contribution contained the most meat. He attacked an increasingly "anti-social" govern-

ment for a budget which assumed the rich required more incentives to work than the rest of the population.

Mr Steel said that while someone on £10,000 a year evidently needed £3.60 a week to get them "revving on all cylinders," Sir Ralph Halden, the £1.3m-a-year Burton Group boss, needed an extra £5,000 a week to get him out of bed in the morning. The Democrats, he said, would vote against the income tax cuts in the Commons tonight.

Mr Steel claimed that Labour was in the grip of anti-democratic forces. Mr Neil Kinnock, the Labour leader, was little more than "an agreeable front-man" for the deadly alliance of the Left and the trade unions.

Lord Jenkins of Hillhead, who is expected to lead the Democrats in the Lords, could not resist a jibe at Dr David Owen, the leader of the SDP. He dismissed the SDP as a "schismatic rump" and, quoting Asquith, added: "I do not wrestle with chimney sweeps."

Then came the collection. Mr Ian Wrigglesworth, the former SDP MP and a likely candidate for the party presidency, said the new party would be independent of millionaires, and people would have to dig into their pockets.

He said £300,000 of Liberal debts had been written off in the last six months, and went on to extract £23,000 from people at the rally. With the party's first-year budget set at just over £1m, a cash drive will begin shortly.

AppleCentre Edinburgh
Telephone: 031 598 3333
Contact: Mike Bradley

AppleCentre Glasgow
Telephone: 041 236 3250
Contact: Janette McCartney

AppleCentre Newcastle
Telephone: 063 255115
Contact: Frank Langman

AppleCentre Manchester
Telephone: 061 834 7127
Contact: Arthur Barrow

AppleCentre Liverpool
Telephone: 051 799 5999
Contact: Owen Barghaves

AppleCentre West Midlands
Telephone: 0543 3668
Contact: John Fletcher

AppleCentre Birmingham
Telephone: 021 622 3375
Contact: Bernadette Whitley

AppleCentre West One
Telephone: 01 631 5305
Contact: Howard Cole

AppleCentre Nottingham
Telephone: 0607 503532
Contact: Carol Bennett

AppleCentre South Wales
Telephone: 0222 465656
Contact: Alan Davies

AppleCentre Bristol
Telephone: 0752 225661
Contact: Chris Davyton-Gerry

AppleCentre Swindon
Telephone: 0793 518182
Contact: Mike Barnes

AppleCentre West London
Telephone: 01 573 7777
Contact: Hilary Sizer

AppleCentre Chiswick
Telephone: 01 994 7424
Contact: Andy Raaf

AppleCentre Swiss Cottage
Telephone: 01 636 3225
Contact: David Nunn

AppleCentre Kidderminster
Telephone: 0245 65575
Contact: Stan Stanton

AppleCentre in the City
Telephone: 01 248 1725
Contact: Andrew Douglas

AppleCentre Waterloo
Telephone: 01 407 3882
Contact: Steve Gibson

AppleCentre Wimbleton
Telephone: 01 949 2279
Contact: John Buckingham

AppleCentre Croydon
Telephone: 01 681 7777
Contact: Graham Johnson

AppleCentre Basildon
Telephone: 01 268 22471
Contact: Peter Bignall

AppleCentre Midsomer
Telephone: 0622 687771
Contact: Robert Couling

AppleCentre Warrington
Telephone: 0942 892818
Contact: Jonathan Adams

AppleCentre Kidderminster
Telephone: 0162 822222
Contact: Tim Yax

Will you and your computer dealer be compatible?

What's so good about having 9,000 functions on a computer if none of them meet your needs?

Some computer dealers would be happy to sell you one. You'll need a phrase-book just to get through the sales chat. Unless you're at an AppleCentre.

We'll talk about your reasons for buying a computer in language that is intelligent not unintelligible. So the system you buy will suit your individual needs perfectly.

But the AppleCentre service doesn't end there. We'll train you and your staff to get the most from your Apple computer systems.

As your business grows we'll see that its increasing needs are met by the whole range of Apple hardware and software.

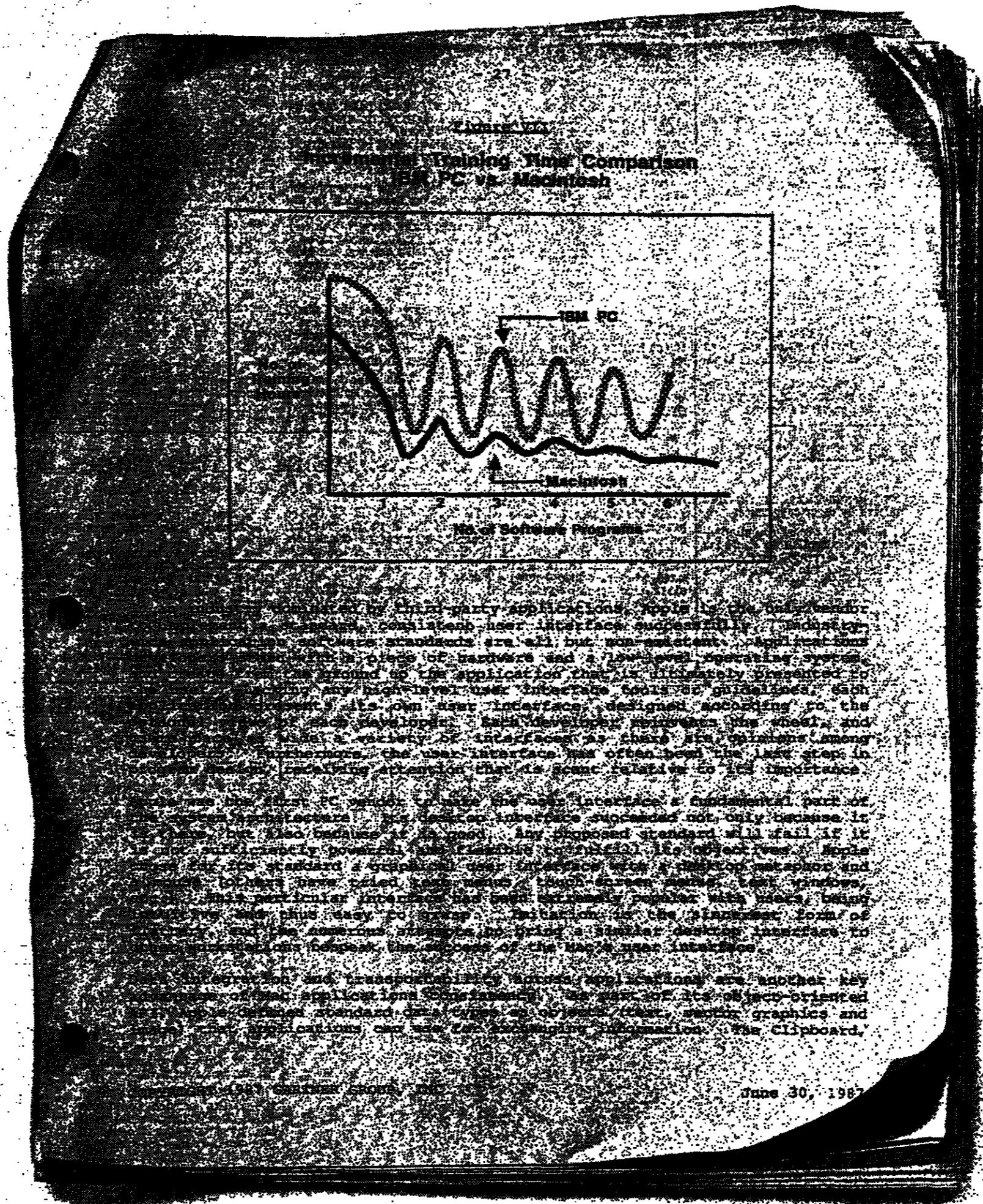
And because everyone's needs are different our standard of service is the same – for all our customers, big or small.

If you're interested in our approach contact your local AppleCentre listed here, or dial 100 and ask for Freefone Apple.

Apple.™ The power to succeed.

© 1988 Apple Computer Inc. LTD. APPLE, THE APPLE LOGO AND APPLEGATE ARE TRADEMARKS OF APPLE COMPUTER INC.

Another great report on the Apple Macintosh.



This independent survey by the Gartner Group on the Apple Macintosh range of computers obviously makes very good reading. The Gartner Group is an organisation as well-respected in computer circles as Apple Desktop Publishing is in the business world.

If you've never used a Macintosh you may find this report quite startling.

You may even be surprised to hear that corporations all over the world are already finding the Apple Macintosh invaluable for managing and processing information, producing reports and, of course, connecting to their existing computer systems.

The Gartner Group found that the Macintosh was favoured by business because of its intuitive graphics interface, which means real ease of use. It also has a consistent software environment, so that once you've learnt one program you know the principle of using them all.

"All studies of Macintosh use of which we are aware have found that new Mac users require less initial training, less subsequent training on new applications, and less ongoing support than IBM PC users." (GARTNER GROUP, INC.)

That's quite an advantage when you consider that training costs often exceed the initial cost of hardware.

"Since the Mac's ease of use leads to less training and support requirements, companies using it should realise enormous cost savings." (GARTNER GROUP, INC.)

The Macintosh's ease of use was actually found to promote greater use too, because

"users (are) less reluctant to learn new applications, since the benefits are more quickly acquired." (GARTNER GROUP, INC.)

A company equipped with Macintosh can expect considerable gains in productivity, efficiency and effectiveness of all staff, from secretaries to top executives.

But you don't have to take our word for it. Just dial 100 and ask for Freefone Apple, or cut out the coupon, and we'll send you a copy of the Gartner Group's report. Then you'll be able to improve your own company's reports.

Please send me a copy of the Gartner Group report. Post to: Apple Computer UK Limited, FREEPOST, Information Centre, Eastman Way, Hemel Hempstead, Hertfordshire HP2 4BR or dial 100 and ask for Freefone Apple.

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

POSTCODE _____ TEL NO. _____



Apple.™ The power to succeed.

FT/21/3

UK NEWS

Merchant banks unhappy over disclosure proposals

BY DAVID LASCELLES, BANKING EDITOR

UK MERCHANT banks are objecting to international banking proposals which could oblige them to speed up disclosure of information about their inner reserves.

The proposals are contained in the consultative paper on bank capital put out by the Basle Committee of international bank regulators in December. British banks have to submit their comments to the Bank of England by the end of this month.

The British Bankers Association, which is preparing the response, has already sent a preliminary comment to the Bank, and expects to present its formal report in the next few days.

The Basle proposals say that banks may not include undisclosed reserves in their calculations of core capital, which constitutes the foundation of their balance sheet. These reserves may be included in second-tier capital with the approval of bank regulators.

However, this is of limited value to the banks because the amount of capital in this tier is dictated by the size of a bank's core capital. In order to make full use of their inner reserves, some merchant banks might therefore have to disclose them.

Many UK merchant banks take advantage of the exemption in the 1985 Companies Act which allows them to transfer an undisclosed portion of their profits into inner reserves each year.

Although they have frequently said in the past that they would move to greater disclosure, the intense pressure on profits caused by Big Bang and last year's market crash has made them more rather than less secretive.

The merchant banks accept that they will have to disclose their inner reserves eventually, but they would like to be able to choose the timing. They argue that the Companies Act would have to be amended to make it

consistent with the Basle rules. UK banks also intend to object to a proposal to exclude revaluation reserves from core capital as well. These reserves arise when banks periodically revalue their securities portfolios or their premises, creating profits which are usually transferred straight into capital.

It seems unlikely, though, that the UK banks' objections will make much difference to the Basle proposals, which result from an international initiative in which the Bank of England plays a leading role.

Banking supervisors from all the top banking nations are collecting responses from their banks. These will be collated at the next Basle meeting at the end of April, and final proposals will be made for approval in mid-summer.

The new regime, which is intended to create a common framework for international banks, is due for full implementation by the end of 1992.

Rush for high-tech research funding

BY TERRY DODSWORTH

A LARGE number of British companies and universities are likely to be disappointed in their applications for European high technology research funding under the second stage of the European Community-backed Esprit Project due to be launched early next year.

Esprit has developed APT (automated pit trading) and is planning to apply it experimentally to one of its medium-volume contracts later this year.

Mr Brian Williamson, the exchange's chairman, said: "We are convinced we are a long way ahead of everyone else. It is very

Liffe to test automated trading system

BY BARRY RILEY

A BREAKTHROUGH in the development of automated trading systems for the futures markets is being claimed by Liffe, the London International Financial Futures Exchange.

Liffe has developed APT (automated pit trading) and is planning to apply it experimentally to one of its medium-volume contracts later this year.

Mr Williamson, the exchange's chairman, said: "We are

convinced we are a long way ahead of everyone else. It is very

fast indeed."

APT is said to be different from the screen-based matching systems in use elsewhere. It will

retain use of the trading floor and seek to emulate the features

of pit trading. However, it is said to make the life of a local or pit trader much easier.

Mr Williamson declined to give details of the still secret APT system, developed during the past year by the exchange's own staff, but described it as "going with the grain of open outcry, but making it go faster."

Later, electronic links could be set up with other European exchanges.

The continuing need for a trading floor is causing Liffe to reassess its requirements because its

existing premises at the Royal Exchange are likely to be redeveloped in a few years' time.

One possibility is a move to the Stock Exchange trading floor,

now largely unused apart from the area occupied by the London Traded Options Market which is part of the International Stock Exchange.

Liffe and London Options have been discussing the possibility of some integration of the two markets and have now agreed to move towards development of joint systems and compatible products. This would result in an effective merger of the markets from the user's point of view.

A complete merger is unlikely, however, because Liffe is unwilling to move within the umbrella of the International Stock Exchange.

Such a takeover, it is feared, would impose an unacceptable

level of overheads on Liffe and would interfere with Liffe's informal relationships with many other markets.

Mr Williamson insisted that Liffe had several options other than a move to the Stock Exchange trading floor.

He said it could stay at the Royal Exchange in spite of the redevelopment. "There is a lot more room in the Royal Exchange than people think." Offices and computers could be moved out to create more trading space, he said.

Liffe was also looking at the possibility of moving to another building being developed over the railway lines at Cannon Street station.

Investment trusts win concessions

BY ERIC SHORT

THE ASSOCIATION of Investment Trust Companies has secured certain concessions from the Securities and Investments Board and the Investment Management Regulatory Organisation (Imro) over the marketing of regular savings investment trust schemes.

Investment trust groups will be able to promote such savings schemes at least until July 1, instead of having to cease promotion when the financial services legislation becomes operative next month.

Authorisation of investment trusts under the Financial Services Act comes under Imro. The rule book published by Imro proposed a ban on the promotion of savings schemes by investment trust groups under the marketing rules.

Sir Gordon Borrie, Director General of Fair Trading, in reviewing Imro's rule book, pointed out that this rule would put investment trusts at a marketing disadvantage with unit trusts.

Unit trusts are controlled by the Life Assurance and Unit Trusts Regulatory Organisation and the rules have extended the permitted marketing methods, putting them on a par with life contracts.

Sir Gordon Borrie considered this state of affairs to be unacceptable and the Association of Investment Trust Companies urged the SIB and Imro to at least take note of these conclusions.

Yesterday, the SIB announced that in the light of Sir Gordon Borrie's remarks and the representations made by the association, it would defer until July 1 1988 the application of the relevant marketing restrictions to Investment Trust Savings Schemes.

The SIB confirmed that, until then, these schemes could be promoted in the same way and to the same extent as is presently allowed.

Second, the SIB confirmed that the relevant rules would be reviewed in the light of comments made and decide whether any amendments should be made in the rules which would apply from July 1.

Urban venture to rebuild estate in Derbyshire

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

PROBE, an urban regeneration venture set up by two building societies and a construction company, has started work on its first project - the demolition and reconstruction of an entire housing estate in the Derbyshire village of Creswell.

It is jointed with Bolsover District Council in a £3m scheme to replace 240 former Coal Board houses on the rundown Calverley estate with 260 new dwellings, some of them for sale and others for rent.

Probe - an acronym for Partnership Renewal of the Built Environment - is a joint venture between Y.J. Lovell, the housebuilding and construction group, and the Halifax and Nationwide Anglia building societies.

It was set up at the end of 1985 with the aim of spurring commercially viable regeneration projects in urban areas.

Eight other large-scale projects are also in the pipeline, mainly in the north of England and the Midlands.

Executives at Olives Paper Mills resign

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

TWO EXECUTIVES of Olives Paper Mills have resigned six months after control of the Lancashire company passed to Mr Michael Kent, property developer.

No explanations were given for the immediate departures of Mr Barry Common, managing director, and Mr Kenneth Shore, finance director.

However, it is understood Mr Kent's requests for their resigna-

tion came out of the blue with criticisms of their management style.

Mr Kent, the chairman who gained control after offering a £2.7m capital injection last September, was not available for comment.

Olives Paper's management and unions had favoured his proposal over an alternative and apparently more advantageous offer of £5m from Melton Modes, a private company run by Mr Natin Puri.

It is understood managers

had accepted the Kent plan because of uncertainties over their future with Mr Puri in charge. A banker associated with the company said the resignations were in keeping with changes in Olives Paper.

The company is the oldest independent papermaker in Britain.

Yesterday, the SIB announced that in the light of Sir Gordon Borrie's remarks and the representations made by the association, it would defer until July 1 1988 the application of the relevant marketing restrictions to Investment Trust Savings Schemes.

The SIB confirmed that, until then, these schemes could be promoted in the same way and to the same extent as is presently allowed.

Second, the SIB confirmed that the relevant rules would be reviewed in the light of comments made and decide whether any amendments should be made in the rules which would apply from July 1.

Many drugs have cheaper alternatives, says study

BY PETER MARCH

MORE THAN a third of a sample of 110 branded drugs used in Britain have generic substitutes which sell for less than half the price, according to a study.

Thomas Kerfoot, a maker of generic medications, based in Ashton-under-Lyne, Greater Manchester, produced the study to support its argument that the National Health Service should use more generic drugs, which contain the same chemicals as equivalent branded products and are usually much cheaper.

The company's list is based on 110 branded drugs for which generic substitutes are available.

Producers of branded drugs generally argue that price comparisons are simplistic. They say a branded formulation often performs better clinically, even when two products have the same chemical formula.

According to Thomas Kerfoot, the health service could cut £10m from its £25m annual drugs bill by increasing its use of generic pharmaceuticals. At present about £15m out of the bill is accounted for by generic, rather than branded products.

The Department of Health and Social Security last week said it was considering trying to increase its use of generic drugs.

totalled £2.61, an increase of 20 per cent over the January-February period last year.

Mr Basil Dean, director general, said the high level of starts was "most encouraging," although no doubt the figures were due in part to the abnor-

mal mild weather conditions.

The Thomas Kerfoot report found that in 41 cases out of the 110, the generic product cost half the price of the branded version.

Of the 110 branded products, 91 had cheaper generic substitutes.

In 12 cases the prices were the same and in seven instances the generic product cost more than the branded version.

The biggest gap was in the case of Valium, a tranquilliser made by Hoffman-La Roche of Switzerland, which sells for 15 times as much as generic versions.

Producers of branded drugs generally argue that price comparisons are simplistic. They say a branded formulation often performs better clinically, even when two products have the same chemical formula.

The health of poor people may be put at risk by increases in prescription charges, according to a study in the magazine New Society.

The study, by health economists Mr Stephen Birch and Ms Mandy Ryan, says nine increases in charges since 1979 have led to a big drop in take-up of medications among those who have to pay the full cost of prescriptions.

Housing starts up 34%

BY KEVIN BROWN

PRIVATE HOUSING starts in Britain totalled 36,500 in January and February, an increase of 34 per cent on the same period last year, according to the latest figures published by the National House-Building Council.

The council said private housing completions in the period

totalled 32,611, an increase of 20 per cent over the January-February period last year.

Mr Basil Dean, director general, said the high level of starts was "most encouraging," although no doubt the figures were due in part to the abnor-

mal mild weather conditions.

Shopping centres win awards

BY WILLIAM COCHRANE IN GENEVA

BRITAIN virtually swept the board in Geneva yesterday, where the International Council of Shopping Centres announced its 1988 awards for the best in development, leasing, design and management of European retail property.

Awards went to The Pavilions, Birmingham, in the category for large centres, and to Old Square, Walsall, for refurbishment. Certificates of merit were awarded to The Lion and Lamb Yard in Farnham, Surrey, and Victoria Place in central London.

Architect Michael Baskoll, chairman of the ICSC awards committee, told delegates to the council's 13th annual European conference that The Pavilions

achieved two prime shopping levies by using a natural fall in the street frontage.

Sibec Developments had already won the equivalent British award for Old Square, Walsall, from the British Council of Shopping Centres.

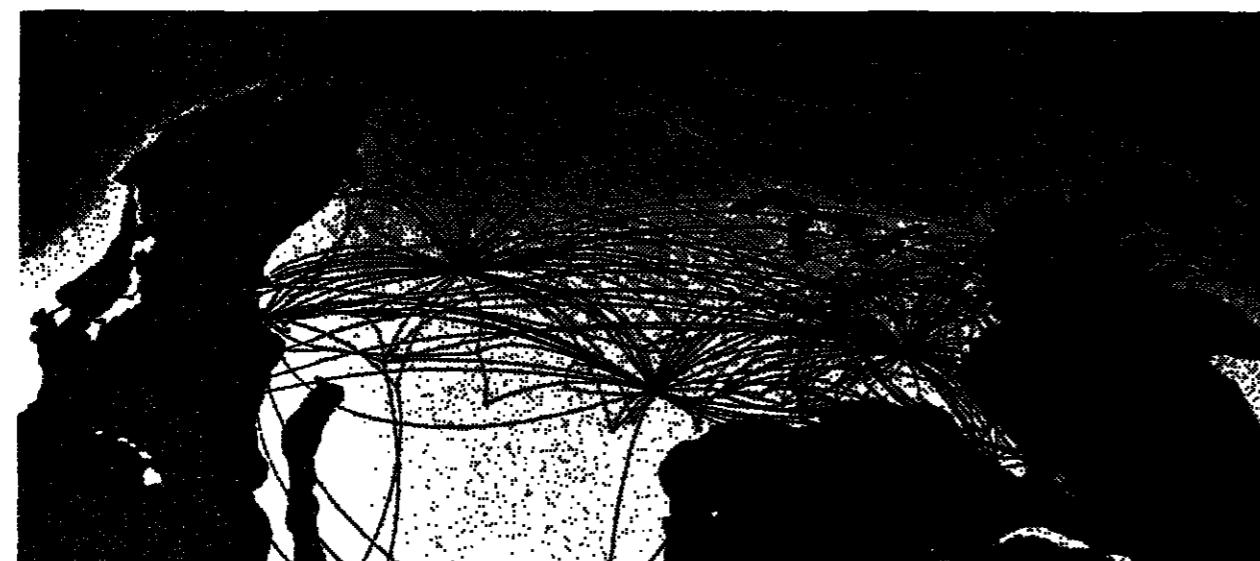
Mr Baskoll said the jury was particularly impressed by the quality of the result. The Lion and Lamb, developed by Arundell House Securities, was an example to the shopping centre industry.

The Lion and Lamb also won an award from the British council.

Heron Property, the developer of Victoria Place, was chosen for sponsoring privately a high-quality centre in a public transportation terminal.

The French developer, Cenico, was given a certificate of merit for a commercial centre at Quincampoix-Saint-Étienne for "expanding, updating and changing the trading concept of an existing hypermarket and shopping gal-

Who Has 3,900 Business Connections In America?



Delta. With The Most Flights Every Day.

When you travel to America, you'll find it's just good business to fly Delta. We offer more flights than any other airline—over 3,900 departures a day to over 240 cities on Delta and The Delta Connection. More frequent flights means shorter connection times and a more productive business day.

Delta flies nonstop from Frankfurt to Atlanta, Dallas/Ft. Worth and Orlando (starting June 3).

Once you land in America, you'll find Delta professionals right at the gate, ready to help with directions or connections. The customs/immigration facilities in our gateway Atlanta airport are modern, spacious and designed to speed you on your way. Then we'll take your baggage to your connecting flight.

When you fly Business Class on Delta to the U.S., you're upgraded to First Class for the connection leg of your Delta flight, at no extra cost. And Delta has discount fares that can save you money every time you fly.

Year After Year, Delta Is #1 In Service.

After just one flight, you'll see why Delta is America's favorite airline. The 50,000 Delta professionals have given us a reputation for superior personal service. And earned a record of passenger satisfaction unequalled by any other major U.S. airline, as defined by the U.S. Department of Transportation.

Give Us A Chance To Win You Over.

Success in business depends on having the right connections. With Delta, you've got them.

So next trip to the U.S. or around the U.S., fly Delta. You'll get the best choice of flights. And the best service.

Call your Travel Agent. Or Delta Air Lines in Frankfurt at (069) 256030, in Munich (089) 129061, in Stuttgart (071) 2262191. Delta Ticket Offices are at Friedensstrasse 7, 6000 Frankfurt/Main, Maximiliansplatz 17, 8000 Munich 2 and Koenigstrasse 1b, 7000 Stuttgart 1.

DELTA
We Love To Fly And It Shows.

Delta Connection flights operate with Delta flight numbers 2000-5999. © 1988 Delta Air Lines, Inc.



MORE AND MORE FAMILIES ARE SWITCHING TO THE CARLTON ESTATE.

Think of an estate car and you'll most probably think of a Volvo. Quite honestly, it would be difficult not to.

Over the years you've heard more about its many virtues than just about any other estate car.

And why not.

The Volvo's safety record is there for all to see.

Now however, we at Vauxhall have a car that even the Swedes will have to sit up and take notice of.

The Carlton Estate.

A car that not only looks after you when you're in trouble, but helps you avoid it in the first place.

Our confidence in the Carlton is based upon something no other car has. 'Advanced Chassis Technology' or ACT.

ACT is a suspension system so sophisticated you won't even know it's there. Until you need it.

In an emergency, ACT will help stabilise your car to prevent possible fishtailing and spinning.

Brake suddenly and the system will help bring your car to a controlled and straight halt, whether the road is wet or dry.

Hopefully you will never have to put it to the test. Unlike Autocar magazine that is, who described its degree of stability as "truly remarkable".

But if it does come to the crunch the Carlton will leap straight

to your defence. A rigid steel safety cage, front and rear crumple zones, child-proof locks, anti-jamming doors. Our safety specifications are the equal of anyone's.

The Carlton also boasts a fuel economy other estates can only envy and a load capacity most cars would choke on (a massive 65.3 cubic feet no less).

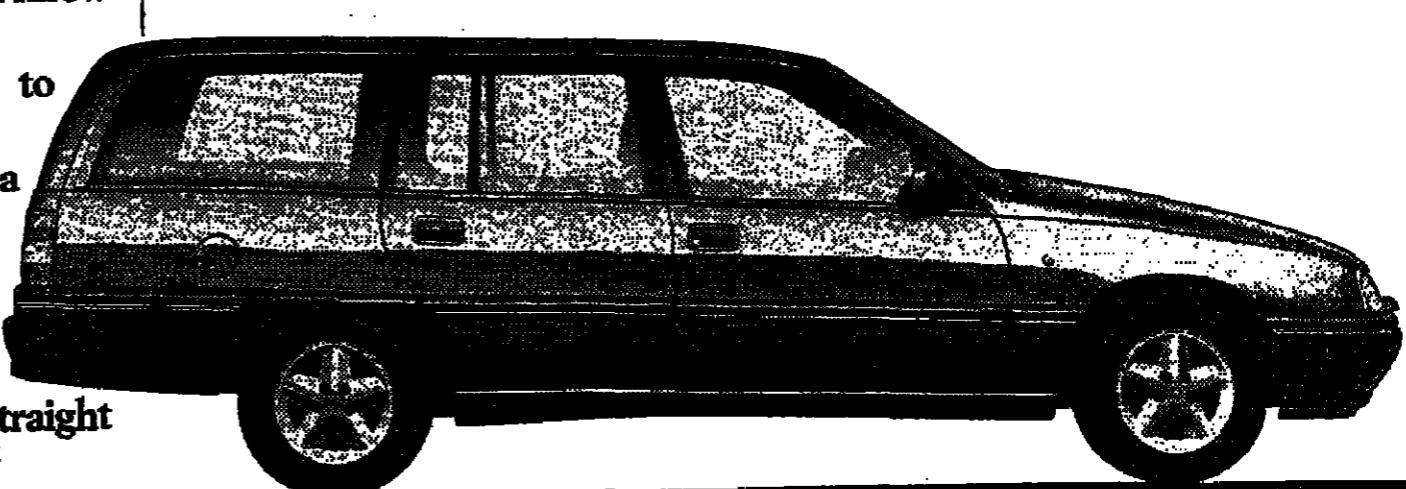
It came as no surprise then, that in 1987 the Carlton was voted Car of the Year.

More importantly, Motor magazine concluded recently in a comparative test report with the Volvo 740 GLE that the Carlton was "most certainly the better estate car".

Their words, not ours.

For further information call 0800-400-462.

THE CARLTON ESTATE.



VAUXHALL. ONCE DRIVEN, FOREVER SMITTEN.

VAUXHALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS. CAR SHOWN: CARLTON ESTATE 2.0 CD PRICE £14,216, ESTATE PRICES FROM £12,325 (CORRECT AT TIME OF GOING TO PRESS). INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, NUMBER PLATES AND TWO COAT METALLIC PAINT. SHOWROOM LOAD CAPACITY FIGURES CALCULATED USING THE VDA METHOD. DRY FUEL CONSUMPTION FIGURES MPG (LITRES/100KM), URBAN CYCLE 25.7 (12.0), CONSTANT 55MPH 46.3 (5.1) AND CONSTANT 75MPH 34.9 (6.1).

WHAT'S IN THE NEWLY OPENED BARCLAYS BUSINESS CENTRES FOR YOU?

This month Barclays has launched a national network of 325 specialist branches specifically for our business clients.

We've called them Barclays Business Centres. Because not only do they offer business customers all the facilities and services available at any branch of Barclays.

They also provide the financial expertise and specialist services which until now have generally been available only in major towns and cities.

So whether your business is in Cardiff or Carlisle, you won't be far from a Barclays Business Centre.

Every Business Centre offers sound business advice and a wide variety of special services.

Our foreign exchange and international trade services, for example, are leaders in their field.

Our electronic money transfer services can be tailored to suit almost any domestic or international requirements, and includes a number of specialist software packages.

You may be interested in our investment management services designed to maximise returns on surplus funds.

Our various long-term finance facilities could help to minimise cashflow problems and maximise profitability.

You'll also have access to our specialists with expertise in particular fields like high technology, agriculture and all aspects of importing and exporting.

And every business customer will have a business team to handle all day-to-day account administration.

If you'd like more details about the new Barclays Business Centres, just fill in the coupon below and send it to us. Or ring Freephone 0800 282130.

Please send information on my local Barclays Business Centre.

Name

Company

Address

+++ YOU'RE

BETTER OFF

TALKING TO

BARCLAYS

FT 21-3-88
BARCLAYS BUSINESS CENTRES.

SEND TO: BARCLAYS INFORMATION CENTRE, PO BOX 163, WEYBRIDGE, SURREY KT13 8UH.

WARTSILA

Os Wartsila Ab's shareholders are summoned to the Annual General Meeting of shareholders which will be held at 4.00pm on Monday, 11 April 1988, in Helsinki, at Fimlandia Hall, address: Karmanninkatu 4.

The General Meeting will deal with the following matters:

1) Matters to be dealt with by the General Meeting according to Article 16 of the Company's Articles of Association.

2) A proposal to authorise the Board of Directors for a period of one year as of the General Meeting either:

a) to decide on increasing the issued share capital by a new issue in one or several installments of a maximum of FIM 144,000,000 by offering a maximum of 2,400,000 new restricted and/or free series I shares, or restricted and/or free series II shares of FIM 60 nominal value each, for subscription at a price determined by the Board of Directors, plus such subscription terms and conditions as decided by the Board of Directors; or

b) to decide on the issuance of debt instruments convertible into shares or debt carrying the right to subscribe for shares, in case of several installments, with the condition that holders shall have the right to convert the debt either entirely or partly into shares of the Company or to subscribe for new shares; and to decide on all the terms and conditions of the debt and the related share subscriptions. The total aggregate nominal value of the shares that can be converted for debt or subscription for on the basis of warrants may not exceed the total maximum of FIM 144,000,000.

The proposed authorisation shall also include the right to dispose of the shareholders' pre-emptive rights.

In a possible new issue of shares or equity securities offered to nonresident participant(s) without regard to the shareholders' pre-emptive rights, the pricing of the new issue will be based on market conditions. The financing to be raised will be used in particular to strengthen the Group's financial standing and its expansion and to allow for alternatives in the financing of important investments, including acquisitions.

Documents concerning the financial statements and the Board of Director's proposals for the decisions mentioned in point 2 are available for the shareholders' review at the company's head office during one week's time prior to the General Meeting. The Annual Report for 1987 will be available for distribution as of 31 March 1988, in Helsinki, at the Company's head office, address: John Stenbergin ranta 2, and at the Arabic shop, Poljotiepoli 25 and Mannerheimintie 20. At request, the Annual Report will be sent to shareholders by mail.

A shareholder who wishes to participate in the General Meeting of shareholders must register no later than 7 April 1988, either in writing or by post, to: Os Wartsila Ab, PO Box 230, 00101 Helsinki, Finland, Helsinki 7095 338, in order to be entitled to use the shareholder's right to vote at the General Meeting by proxy, a respective power-of-attorney shall be delivered to the Company before the end of the aforesaid registration period.

Helsinki, 9 March 1988

Board of Directors



Standard Chartered

Standard Chartered PLC

(Incorporated with limited liability in England)

£300,000,000
Undated Primary Capital Floating Rate Notes
of which £150,000,000
comprises the Initial Tranche.

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three month period (90 days) from 18th March to 20th June, 1988, the Notes will carry an Interest Rate of 8% per cent per annum.

The interest payment date will be 20th June, 1988. Coupon No. 12 will therefore be payable on 20th June, 1988 at £1,139.69 per coupon from Notes of £50,000 nominal and £113.97 per coupon from Notes of £5,000 nominal.

J. Henry Schroder Wag & Co. Limited
Agent Bank

The advertisement is issued in compliance with the requirements of the Council of The Stock Exchange



ASSOCIATED NURSING SERVICES plc

incorporated in England and Wales under the Companies Act 1948-1986, Registered No. 042200

PLACING BY
CREDIT SUISSE BUCKMASTER & MOORE LIMITED

of 400,000 Ordinary Shares of 10p each at 132p per share

Authorised £70,000.00 Issued and Proposed to be issued fully paid £433,396.30

£70,000.00 to Ordinary Shares of 10p each £433,396.30

The principal activity of the Group is the ownership and management of Nursing and Residential Homes for the elderly. The Group is also involved in the distribution of medical supplies and equipment in the healthcare market.

Approval has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Share capital of Associated Nursing Services plc in the United Kingdom Securities Market. It is emphasised that no application has been made for these securities to be admitted to Listing.

It is anticipated that dealings will commence on Thursday, 24th March 1988.

Particulars relating to the Group are available in the Exel Statistical Services

and copies of those particulars may be obtained during normal business

hours on any weekday (Saturdays and Public Holidays excepted) to and

including Monday, 11th April 1988 from:

Credit Suisse Buckmaster & Moore Limited

The Stock Exchange

London EC2P 2BT

21st March 1988

GRANVILLE
SPONSORED SECURITIES

Capitalisation

	Company	Price	as at 30/09/87	Share	Value	PE
5005	As. Brit. Ind. Ord.	193	+3	8.9	4.6	7.2
	As. Brit. Ind. C1ULS	193	+3	18.0	5.2	
750	Armitage & Rhodes	36	+1			
4554	BBB Design Group (USM)	55	0	2.1	3.7	8.8
102114	Bardon Group	158	+2	2.7	1.7	27.0
7683	Brey Technologies	138	+3	4.7	3.1	11.0
910	CB2 Group (USM)	25	0	2.2	4.4	6.7
1685	CB2 Group 10% Cum. Pref.	131	0	15.7	12.0	
1453	Carillion Ord.	132	+2	5.4	4.1	11.5
707	Carboline 7.5% Pref.	101	0	18.3	10.2	
3601	Carrie Blair	205	+8	3.7	1.8	5.3
4559	CCG Group	61	-1			
9582	Jackson Group	62	+2	3.4	3.7	10.2
24356	Mathiesen & V. Amedeo	338	+2	18.4	3.1	12.4
465	Robert Jenkins	46	-1			
2080	Sorrells	12000000	0	2.5	4.4	9.5
5297	St. Catherines	187	+1	0.6	3.4	9.5
2707	Trotman Holdings (USM)	65	0	2.7	4.2	7.8
6068	W. S. Yates	240	+10	16.6	6.4	50.0

Securities denominated in USD and USM are dealt in subject to the rules and regulations of the Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA.

Granville & Company Limited
8 Lower Lane, London EC3R 8EP
Telephone 01-621 1212
Member of the Stock Exchange

CORPORATE TAKEOVERS

Acumen and aggression make Mr Campeau's name

BY DAVID OWEN IN TORONTO

THE SPIRRALLING bitter battle for Federated Department Stores, the US department store and supermarkets group, is an iconoclast of the first order - Mr Robert Campeau, 58, chairman and guiding light of the eponymous Canadian property company.

Mr Campeau's much-vaunted acumen and aggression have carried him from the shop floor of metals group Inco in his native Sudbury ... to the threshold of the largest US department store chain's boardroom.

Campeau's US\$6.02bn bid for

Federated is embroiled in litigation.

On the success of the Campeau bid depends an agreement to sell its prestige Brooks Brothers clothing retailer to Marks & Spencer of the UK for \$770m.

Starting in 1982, when Mr Campeau sold a house built for him by a cousin, Antonio, for a profit of C\$2,300, the "Ottawa builder" laboured for 30 years to assemble one of Canada's largest development and property groups.

While he fast became a local celebrity for his low-cost housing schemes and assiduously-cultivated political connections, it was not until August 1980 that Mr Campeau became big news.

His C\$423m bid for control of Royal Trustco (then Canada's largest trust company) was initially viewed as preposterous by Toronto's financial establish-

beneath its mountainous C\$8.5bn or so end-1986 debt load. But a successful securities issue, coupled with the judicious pruning both of newly-acquired Allied assets and its substantial existing property portfolio, enabled Campeau to reduce its burden with remarkable alacrity.

The company's current debt is widely estimated at a manageable C\$5.6bn. Despite selling a full two-thirds of Allied's 24 former operating divisions, Campeau has contrived to keep units which in 1986 contributed 82 per cent of sales and 87 per cent of profits.

Most expect Campeau, further encouraged by the hefty price tag attached to Brooks Brothers, to attempt similar surgery on Federated's even more extensive assets, should it gain control.

Certainly, Mr Campeau, with his real estate expertise and recent intensive exposure to the market for US store chains, should make a capable surgeon.

Waiting in the wings for any mistakes, however, are Toronto's canny and increasingly prominent Reichmann Brothers. Under an agreement to provide Campeau with US\$50m in equity to help finance the Federated bid, Mr. Reichmann's privately-held corporate vehicle, could boost its voting interest in the company to 27 per cent from about 11 per cent at present.

Japanese join trail of foreign takeovers

BY IAN RODGER IN TOKYO

attractive one for them.

"Now is an ideal time for these bids. Japanese companies are very rich and the prices for US companies are very low," says Mr. Remi Caillaux, general manager of Paribas Capital Markets in Tokyo.

For many industrial compa-

nies, the latest rise in the yen's value last autumn added a note of urgency to the search for overseas assets. Until then, most companies were managing to over-

come the impact of the high yen on the competitiveness of their Japanese factories. But once the yen began to strengthen, then US

companies began to recognise they could no longer put off overseas expansion.

In the case of Bridgestone, for example, the company is under strong pressure to increase its overseas production capacity.

Until recently, Japanese companies eschewed the takeover route when considering overseas expansions, preferring to launch greenfield ventures abroad or go into joint ventures.

This was because they were nervous about the problems they might encounter when taking over existing operations, including how to adapt to long established labour practices. However, in the past few months, the combination of the latest rise in the value of the yen against the dollar and the decline in the value of foreign equities has made the takeover route a much more

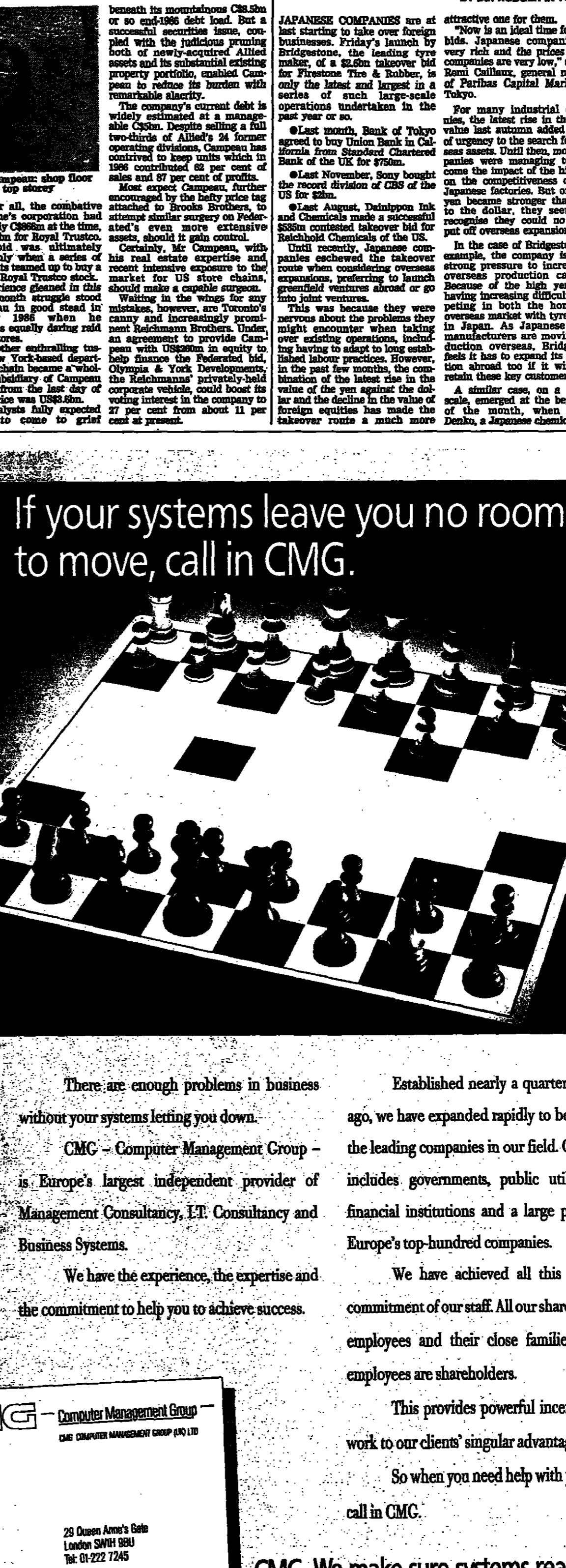
attractive one for them. Sony, announced the purchase of a carbon graphite plant in the US from BOC of the UK for \$100m. Showa, which has been exporting a considerable portion of its Japanese graphite output to the US, said it needed a US plant because it could no longer make profits on exports from Japan.

Sony's acquisition of CBS Records seems to be more opportunistic. The company has been looking for a new source of growth and, because of the exchange rate moves, was able to buy it at a fraction of the price that it would have paid a couple of years ago.

"Japanese companies are beginning to take a broader view of foreign acquisitions," says Mr. Joe Walker of Morgan Guaranty Bank in Tokyo. "Previously, they would only buy something if it had technology that they could not get any other way. Now they will consider things for market reasons."

Analysts in Tokyo believe that the trend to foreign takeovers by Japanese companies will continue to gather momentum, but only at a gradual pace. Bridgestone feels it has to expand its production abroad too if it wishes to retain these key customers.

A similar case, on a smaller scale, emerged at the beginning of the month, when Showa Denko, a Japanese chemical com-



There are enough problems in business without your systems letting you down.

CMG - Computer Management Group - is Europe's largest independent provider of Management Consultancy, IT Consultancy and Business Systems.

We have the experience, the expertise and the commitment to help you to achieve success.

Established nearly a quarter of a century ago, we have expanded rapidly to become one of the leading companies in our field.

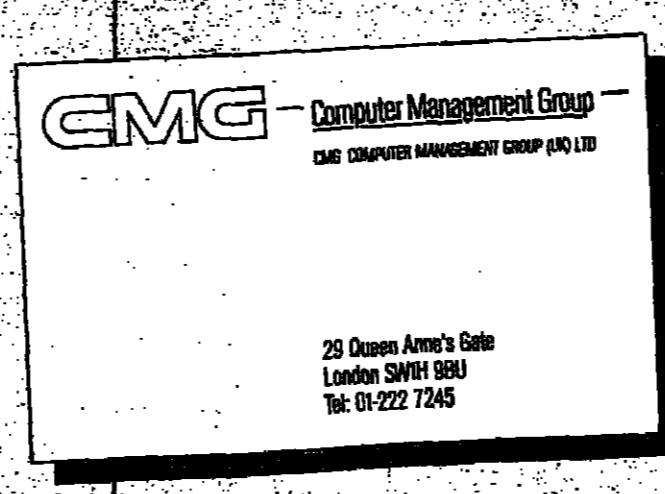
Our client list includes governments, public utilities, banks, financial institutions and a large proportion of Europe's top-hundred companies.

We have achieved all this through the commitment of our staff. All our shares are held by employees and their close families, and most employees are shareholders.

This provides powerful incentives, which work to our clients' singular advantage.

So when you need help with your systems, call in CMG.

CMG. We make sure systems really work.



Our forecast calls for happy landings.



Lufthansa

THE MONDAY PAGE

ANTHONY HARRIS
in Washington

WASHINGTON presents a confusing spectacle this spring. The politicians are circling an increasingly powerless President, while, like lesser beasts edging up to the carcass of a lion, they think he's dead, but they're not sure. The economy is rather like the weather, consistent only in making fools of the forecasters.

The dynamics of Central America generate only the temporary excitement of a James Bond film, because everyone by now knows how the plot will end: both the Contras and General Noriega are beaten, and it is only a matter of waiting for them to admit it. At least the riots and the arranged-parachute drops provide a distraction from the increasingly boring Iran-Contra affair, which heroes now that Colonel North comes over more and more like a half-blind, half-witted child.

At least the indictments fit neatly into the spring scene in one respect: this is the season of charitable giving, and the friends of the Colonel, of Mr Lyndon LaRouche, and of the other more likeable among the accused in this and other scandals, are appealing for contributions for their defence. They are mainly doing this privately, because all the noise is made by worthless causes — public broadcasting famine relief, child welfare and even (so to speak) broadcast evangelism.

These appeals can catch a large audience because most Americans are spending their evenings at home at the moment trying to fill in their tax forms, and social life is more than half dead. Tax reform has made the job much harder than usual this year — even the Internal Revenue Service officials who man the telephones are getting nearly half the answers wrong.

All the same, no point has been served up yet, and it is still difficult to provide them with a forecast. It is also still true that nearly all taxpayers can expect a tax reduction, and this is the target for the year. British citizens would do well to follow this fiscal example: the rich have never had so much to give. (Deficit-fighters at 40 per cent is also appealing, since the Government can be made to contribute to causes which get cut down in the public spending White Paper.) The responses appear to be generous. This is an attractive face of Reaganomics.

A more characteristic glimpse is offered in a book shortly to be published, which describes Mr Reagan presiding at a Cabinet discussion of the Japanese technological threat. "His head was down on his chest, and he appeared to be asleep." The witness is Mr Clyde Prestowitz, who was the US trade negotiator with Japan (he actually speaks the language) and he resigned in an uncommunicated hint in 1986.

Mr Prestowitz, to judge by the brief extracts which have so far been leaked, is a mercantilist rather than a protectionist. Perhaps inadvertently, he makes it clear that the Administration is much more seriously devoted to free trade than some of its actions might suggest. Mr Prestowitz did not approve of this position.

For example, he wanted not just to break down barriers to US exports, in which he had full support, but to haggle for specific market shares and trade volumes. This, he found, would violate what he calls "free trade doctrine" (which of course it does). He discusses trade in terms of "conquest" and dismisses rival views as "highly theoretical".

While it is good to know that the Administration has lived up to its rhetoric, at least in internal arguments, nobody would now build much hope on this fact alone; the Administration can no longer defend its doctrinal corner very effectively. Mr Prestowitz clearly believes that his memoirs are timed for maximum embarrassment, and will help to cause of a more aggressive trade stance in Congress, which is now trying to get seriously to grips with the monstrous Omnibus Trade Bill.

There are two or three solid-looking reasons for hoping that Mr Prestowitz will fail, though none of them are entirely reliable. The most important politically is the apparent failure of Republican Richard Gephardt's attempt to play the trade card in the primaries. Even his trade union backers seem to have given up any hope for him, and unless he makes a spectacular comeback (Michigan might offer his best hope), there will be little general excitement about trade.

The nature of the Omnibus Trade Bill should also prove a strong anaesthetic. It is a huge catalogue of a measure, and its various details are being considered by no less than 11 Congressional committees. Virtually nobody has a grasp of the whole thing. Some people have never voted. One sensible committee was quite put out by the Gephardt flop. "I'm Tuesday," "I've been relying on a vote," he told me. "Now I'm going to have to try to read the thing."

Finally, US manufacturers are beginning to rediscover their interest in free trade. In the struggle to fulfil record orders, especially for exports, they are increasingly angry to find themselves hampered by shortages of

goods which have been protected by quota restrictions or voluntary restraints in recent years, from memory chips to aluminum and special steels.

As a result, their representatives have been willing to take on the protectionists in public debate on the issue which is now heading for some important votes: the ratification of the US-Canadian Free Trade Area. This is hardly a hot topic with the public; the debate in question was broadcast at 5.30 am.

It is occupying some rather depressing Congress time, in which Cabinet members, headed by the Secretary of the Treasury, have to respond to detailed questions about such matters as plywood specifications and rival subsidies for the production of lead, but it will probably be ratified without any very important changes. It looks like the beginning of a trade strategy to counter the consolidation of the

Uncertain spring in Washington

INTERVIEW

Britain's single market man

William Dawkins talks to Lord Cockfield, Vice President of the European Commission

ANYBODY who does business on any scale in the European Community will be keeping a wary eye on a doughty, formidably hard-working septuagenarian in Brussels for the rest of this year.

He is Arthur, Lord Cockfield, Britain's senior EC Commissioner, responsible for trying to meld the Community into a free internal market by 1992, despite the reservations of some of the 12 member states — including his own. The aim is straightforward enough: scrapping national barriers will help European industries achieve the economies of scale they need to compete against their US and Japanese counterparts. "The whole purpose is to improve the competitive cutting edge of European firms . . . if you don't believe that your companies can take full advantage of the opportunities which are being given to them, then you don't believe in economic progress," he explains. But the negotiations on how to achieve the single market have touched a host of national sensitivities. They will damage a good many more between now and December.

During that time Lord Cockfield plans to shower member states with an unprecedented number of market-opening proposals, well over 50, in an attempt to get 90 per cent of his 300-point internal market plan on the table by the turn of the year.

According to his annual report on the progress of the 1992 campaign, unveiled last Thursday, they include far-reaching plans to open up public procurement in telecommunications, energy, water and transport; common rules for banks' solvency ratios, an EC-wide corporate tax system and liberalisation of the life and motor insurance industries, among many others.

Lord Cockfield does not suffer fools gladly, indeed he has been known to make mincemeat of one or two visiting senior British Ministers, whom he accuses of having "obsessions" against his tax harmonisation plans. One minister, who shall remain nameless, was recently sent away with a flea in his ear for suggesting that Britain should be given special exemption to keep in place its present tough customs controls, after the completion of the Channel Tunnel. Few people care to cross him either in formal meetings or on the Brussels social circuit, where Lord Cockfield's presence is supported by his formidable wife, Monica. And he aims to make an indelible mark on Europe by the time the Brussels executive disbands at the end of its four-year term in December, perhaps marking the summit — though anything is possible — of his extraordinarily long and varied career.

The simple target that Lord Cockfield and his increasingly exhausted staff want to reach by

the time they hand over the reins to the next Commission at the end of 1988 — the exact half-way point in the internal market campaign — is to reach the stage where the process of European integration is accepted as irreversible throughout the Community, he says. On the way to that apparently elusive destination, Lord Cockfield has several specific staging posts, most of which will bring him into conflict with member states anxious to protect their industries from too sudden competition from their Community cousins.

So far, the Commission has tabled 206 proposals from its 300-point programme, ranging from minutes like common noise levels for lawnmowers to sweeping

PERSONAL FILE

1912: Born 23 September
1942: Called to Bar, Inner Temple, London
1945: Appointed Assistant Secretary to Board of Inland Revenue
1952: Assistant Commissioner of Inland Revenue
1953-57: Joined Boots Pure Drug Co, first an finance director, then managing director and then chairman of executive management committee
1958-62: President of Royal Statistical Society
1970-72: Appointed as advisor on taxation policy to Chancellor of the Exchequer
1973-77: Chairman, Price Commission
1978: Vice President, European Commission

measures to ban restrictive practices in many areas of public procurement. Lord Cockfield's reason for trying to get almost all of the measures proposed by December is to leave his successor — the hotly-tipped candidate is Peter Sutherland, the Irish Competition Commissioner — more time to cajole agreement out of member states in their decision making body, the Council of Ministers, during the final four-year run-up to 1992.

The past year has seen a series of blistering attacks by Lord Cockfield on delays in the Council. It has so far adopted just 69 of the barrier-breaking measures before it, a performance which he condemns as "somewhat less satisfactory." Many of the remainder are entangled in wrangled over sensitive national interests. Typical points of contention include French fears about allowing foreign teachers into France, German unwillingness to expose its road haulage industry to free competition, Belgian and Italian unease over opening their insurance markets to foreign competition or British resistance to proposals to liberalise broadcasting. New rules for more majority vot-

ing in the Council might help to speed things up, though provisions for more consultation with the European Parliament are threatening to erode that gain by bringing in extra scope for delay. The effect of these longer procedures, a result of the constitutional changes brought in last year in the Single European Act, will be temporary, he believes. "It's like lengthening a pipeline. For a while you can go on putting things in at one end before they come out," he says.

In any event, Lord Cockfield believes the proposals he has

scheduled for the rest of the year will give a clear idea of the shape, at least, of the Commission's idea of the internal market in several important sectors. They are:

• Industrial standards. Here the Commission plans to complete its series of so-called "harmonised" products whereby products conforming to basic safety and performance standards are guaranteed free circulation throughout the EC. This marks a radical change from the slow, cumbersome way of specifying standards for every last nut and bolt which the Community decided to abandon three years ago. The Council has already agreed such new rules for pressure vessels — the first test case — and toys has yet to debate proposals to open up the market for a huge range of engineering machinery. A handful of other proposals, for items like gas appliances and electro-medical equipment will be put forward by the Commission in the next few months.

• Public procurement. Here member states are deliberating three proposals, to bring more open competition for public supplies and works contracts and to tighten up ways of enforcing fair competition. Lord Cockfield plans to cap these shortly with plans to extend fair public procurement rules to four sensitive sectors so far excluded: telecommunications, energy, water and transport.

• Financial services. Lord Cockfield hopes to get final agreement within months on liberalisation measures for the non-life market for big commercial risks already agreed in principle by member states. Also on the table are plans to dismantle barriers to international banking and separate laws on banks' capital base. Common rules on solvency ratios — the balance between capital and assets — are due to come forward soon.

• Professional qualifications. Proposals for the common recognition of most professional qualifications, ranging from teaching to accountancy, have been blocked in the Council for nearly three years, but Lord Cockfield insists they are now close to agreement.

But will he really be able to likely to meet. These same qualities make him one of the very few members of the Brussels executive who commands real respect from Mr Jacques Delors, the Commission President.

While he is occasionally a shrewd tactician in the Council, Lord Cockfield is not a born diplomat. He frequently amuses Ministers with irony and erudition and is equally at home quoting from Lewis Carroll and 17th century English case law. Yet his remorseless logical approach does not help to patch together the often ad-hoc compromises necessary to wheelie agreements out of 12 member states during heated Council sessions. Nowhere has Lord Cockfield been more successful than in the way that only a former UK Inland Revenue Commissioner could be. "The great attraction of this job is that it is a real opportunity to do something concrete. And you have just long enough in four years to do it," he says. The proof of that will come in December, when Lord Cockfield presents his report on the halfway stage of the 1992 campaign to the final European Summit of this Commission.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation. "Experience since then has shown there is no other answer," he says. Left to market forces and the influence of the ending of other market barriers, VAT rates would automatically fall into line, he accepts. Better surely, he argues, to control the process via an agreement between member states, rather than allowing a free-for-all after 1992.

But whatever battles lie ahead, Lord Cockfield appears impervious, perhaps because he is so obviously at home at the heart of the Brussels bureaucracy.

And the way that only a former UK Inland Revenue Commissioner could be. "The great attraction of this job is that it is a real opportunity to do something concrete.

And you have just long enough in four years to do it," he says.

The proof of that will come in December, when Lord Cockfield presents his report on the halfway stage of the 1992 campaign to the final European Summit of this Commission.

also worried. Governments used to high VAT rates, like those of Denmark and Ireland, of losing tax income.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation, as though it had come newborn out of the head of Jove. It hadn't at all," he says. The idea of tax approximation was a basic building block in the formation of the EC 30 years ago, never fully put into practice in legislation.

He sees no logic either in the extent of their fears or in the sudden way in which they have been aroused. "You get a lot of

people talking as if this Commission had somehow invented the idea of fiscal approximation

ARTS

Architecture/Colin Amery

Throw off your mantle of deceits

Charles Holden (1875-1960) is best known as the architect of the BMA Building in the Strand (now Zimbabwe House) - he is under the influence of architects like Beresford Pite, John Belcher and Charles Harrison Townsend.

Holden left his home in Lancashire in 1897 and went to work for C.R. Ashbee where I suspect that the razed Arts and Crafts atmosphere was too much for him, since he left to join a more down-to-earth practice designing hospitals: this was the firm that became Adams, Holden and Pearson.

Although the spirits of Edward Carpenter and Walt Whitman lurk around Holden's private life and thought, he emerges from this exhibition as a man in love with the simple things in life, and the elemental in architecture. One of his favourite sayings

was, "When in doubt, leave it out," and this philosophy is perfectly realised in his War Graves Cemetery in Belgium is a double colonnade with twin block-like pavilions that almost embody the spirit of gun emplacements. At Corbie, the pillbox-like pavilions are gloriously simple; they have been described as almost cruelly severe, but they are closer to the idea of a primitive temple. His war graves work is almost Egyptian in its monumental strength and simplicity, and this quality is also evident in the fascinating sketch of a proposal for a War Museum to be built in London - possibly in Green Park or along the South Bank of the Thames.

The eleven years that Holden worked for the Imperial War Graves Commission produced some of his most poetic work. The memorials and cemeteries demonstrate the architectural theory that underlies so much of his later work for London Transport and London University. He wrote that theory down in a Whitmanesque way in the *Architectural Review* in 1905: "Come, you modern buildings come. Throw off your mantle of deceit; your cornices, pilasters, mouldings, swags, scrolls; behind them all, behind your dignified proportions, your picturesque groupings, your arts and crafts pretences and exaggerated techniques; behind and above them all lies the one I love . . . Oh I love you, dear heart, but I will leave you, dear heart, You shall be as naked as you choose."

And naked his buildings were - but naked in the best sense that only the purity of his forms was revealed. London University Senate House and the headquarters of any modern building.

One of the blessings of Post-Modernism is that the critical climate is now free: it is no longer a crime to look seriously at an architect who designs in a variety of styles. Holden certainly had that gift, but as his work progressed it is possible to observe the emergence of a highly personal style. In his early work - the Belgrave Hospital in Kempton, the King Edward VII Sanatorium in Midhurst, the



Portrait of Charles Holden by F. Dodd

Lear/Zurich

Andrew Clark

Ten years after its Munich premiere, Arlert Reimann's *Lear* is already regarded as one of the most challenging examples of German music-theatre to have emerged since the war. This Zurich production follows several other stagings in German-language houses, and there are now apparently plans for a British stage premiere at the English National Opera. *Lear* is not a work that an opera house toys with lightly: the scale and complexity of the orchestral score alone is daunting, and as Zurich has discovered to its cost, it is not the kind of opera to attract audiences of conservative taste.

Reimann's achievement is to have adapted the personal, social and political unreality of Shakespeare to the cold, intellectual world of modern German music-theatre. It is hard not to draw parallels with Zimmermann's *Die Soldaten*, because there is a similar atmosphere of alienation and a brutal delight in human degradation. But *Lear* deals with larger themes: it is like a morality play without tragic or historical overtones, a horrifying parable of power and its misuse in a hostile contemporary world.

The musical language may in certain places have the delicacy of a battering ram, but it unequivocally gives the opera a viable dramatic character of its own.

This production by Harry Kupfer was adapted from a staging at the Komische Oper in East Berlin. It was conducted by a 29-year-old West German, Michael Böder, and sung by a cast whose all-round experience in modern and experimental opera is formidable. The result was a performance of numbing clarity and power, illustrating how ruthlessly Reimann distorts and exaggerates the weaknesses in human character presented in the Shakespeare play.

Each of the swiftly-successing scenes has its own fascinating examples of musical insight into psychology and character: the most telling are the concentrated brass and woodwind figures signifying the power-maniacs of Regan and Goneril, the deafening repeated drum chords in the storm music, the meandering bass flute melody in Lear's "mad scene," and the cello lament as Lear's powerless rage is spent. The end of the opera's first half. All these the Zurich orchestra fitted with virtuous precision into Reimann's vast array of sound, thanks to Böder's cool grasp of the medium.

The stage production seemed calculated to bring out all the modern brutalist associations of the music: highly stylised posturing to accompany the screaming arioso writing for Regan and Goneril, dressed as paragons of fashion as status-symbol; semi-explicit scenes of torture and sexual depravity to illustrate the amorality of war; a bald-headed, casually-clad Lear who finds his bewildering journey towards greater social responsibility peppered with machine-gun threats from hooded mercenaries; and a Fool who offers his tart commentary from a swamp in the foreground of Reinhardt Zimmermann's building-site stage set.

There may be less didactic ways of presenting *Lear*, but few productions will match Kupfer's for the detailed quality of acting he draws from his cast: the uniformly excellent performances included Werner Haselau's Lear, Josef Dene as Gloucester, Peter Keller as Edgar, Wolf Appel as the Fool and Mani Mekler's Goneril.

Rosie and Gant have lost their only child in an accident inevitably connected to the land. The horror of his death, related on a monotone, is bitterly compounded by the discovery that even his mouth was full of earth. Molly is pregnant, but even this gesture of defiance seems empty and abortive - as if the baby in her womb is somehow foredoomed.

The play is set around Easter - a holy day signalled by the painting of eggs and the brewing of coffee beans hidden away for a special occasion that will probably never come. Otherwise all is timeless and placeless: news that

Holy Days/Soho Poly

Claire Armitstead

Two young couples in the Kansas dustbowl: while the men struggle to keep their cow in milk, the women fight to keep their washing white on the line, as inch by inch the soil of their farm is swept off the land and splattered across it. An eerie shriek of wind is a constant reminder of the wastes that lie just offshore, in a short drama by American playwright Sally Nemeth which emerges as the numbing antithesis to the romance of living on the land. When Lear's powerless rage is spent, the end of the opera's first half. All these the Zurich orchestra fitted with virtuous precision into Reimann's vast array of sound, thanks to Böder's cool grasp of the medium.

The stage production seemed calculated to bring out all the modern brutalist associations of the music: highly stylised posturing to accompany the screaming arioso writing for Regan and Goneril, dressed as paragons of fashion as status-symbol; semi-explicit scenes of torture and sexual depravity to illustrate the amorality of war; a bald-headed, casually-clad Lear who finds his bewildering journey towards greater social responsibility peppered with machine-gun threats from hooded mercenaries; and a Fool who offers his tart commentary from a swamp in the foreground of Reinhardt Zimmermann's building-site stage set.

There may be less didactic ways of presenting *Lear*, but few productions will match Kupfer's for the detailed quality of acting he draws from his cast: the uniformly excellent performances included Werner Haselau's Lear, Josef Dene as Gloucester, Peter Keller as Edgar, Wolf Appel as the Fool and Mani Mekler's Goneril.

Rosie and Gant have lost their only child in an accident inevitably connected to the land. The horror of his death, related on a monotone, is bitterly compounded by the discovery that even his mouth was full of earth. Molly is pregnant, but even this gesture of defiance seems empty and abortive - as if the baby in her womb is somehow foredoomed.

The play is set around Easter - a holy day signalled by the painting of eggs and the brewing of coffee beans hidden away for a special occasion that will probably never come. Otherwise all is timeless and placeless: news that



Barbara Barnes as Molly in "Holy Days"

Arts Guide

Music

LONDON

Royal Philharmonic Orchestra conducted by Vladimir Ashkenazy with Yvonne Kenny, soprano and Sheila Amico, singing soprano. Beethoven, Mozart, Franck and Mahler. Royal Festival Hall (Tue). (28 23 31).

David Alcock, piano plays Brahms and Schumann. Queen Elizabeth Hall (Tue). (28 31).

London Philharmonic conducted by Bryden Thomson with Boris Berezovsky, Prokofiev and Ravel. Royal Festival Hall (Wed) (28 31).

Monteverdi Choir and English Baroque Soloists conducted by John Eliot Gardiner. Bach St. Matthew Passion. Queen Elizabeth Hall (Wed). (28 31).

Tokyo City Philharmonic Orchestra, conducted by Shunsaku Tsurumi. Bach St. Matthew Passion. Royal Hall, Göttingen (Mon at 8pm).

Japan Philharmonic Orchestra, conducted by Eriyuki Itoke. Beethoven (Mon, Wed) Suntory Hall. (28 31).

Tokyo Metropolitan Symphony Orchestra, conducted by Hiroaki Iwaki. Shostakovich. Suntory Hall (Tue). (30 31).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Amsterdam, Concertgebouw. Recital Hall: Neil Mackie, tenor, accompanied by Roger Vercruyssen. Purcell, Britten, Barber, Donizetti, Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Young People's Symphony Orchestra, conducted by Kim Hong Jee, with Noboru Kamimura (cello). Dvorak, Kari Hoken Hall, Göttingen (Wed).

Young People's Symphony Orchestra, conducted by Kim Hong Jee, with Noboru Kamimura (cello). Dvorak, Kari Hoken Hall, Göttingen (Wed).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Utrecht Vredenburg, Alain Lombard conducting the Hague Philharmonic, with Linda Klem, soprano; Wagner (Thur). Recital Hall. Carolyne Willemse, piano accompanied by Roger Vercruyssen. Haydn (Tue). The Netherlands String Sextet. Brahms (Thur).

Does it bother you that the owner's role in a building project is just to lie back and open his wallet?

If so, we have encouraging news for you. We offer a way where you, the owner, stay in control. Where you know exactly what you are getting and what it will cost.

Only, you get it faster and at a lower cost. We cut project time by many months or even years. We cut costs dramatically. And we offer you all the security of a total contract.

Is it surprising that our method attracts intelligent corporations like IBM, Canon, Scandinavian Airlines, Norsk Data, Data General, Astra...?

For the conventional mind, however, there are drawbacks.

We don't give a lump sum bid on your project, nor do we enter into incentive contracts.

We don't because it hurts your project. You are forced to take too many decisions too early, something that only leads to unnecessary costs. Even worse, it turns you and us into adversaries instead of partners.

What is the alternative?

You hire us for a fixed fee to manage your project. In the package you get all the specialists, data programs, routines, skills and experience you need for your building project-just as if your own company was a fully-fledged building project manager.

While you're building we are part of your company. We are your partner.

How do we save time?

Normally, you go through a lengthy design and tendering phase before you can actually start building.

With us, the pre-project phase is much shorter, but it still gives you everything you need to make your decision about the investment.

All detail designs are made while we are actually building. We take decisions at the time they are needed. After all, it is quite feasible to decide on the roof construction while working on the foundations or erecting the structure of your building.

It is this simple approach that attracts intelligent companies.

How do we save money?

We make sure you're integrated down as

far as possible into the building process. Your project is broken down into many contracts, which we buy for you from competing contractors. You only pay net prices.

In our system, contractors are not passive suppliers but active partners, able to influence the design and construction of their own work. Not only does this save money, it increases the quality of your project.

You won't get just five or six lump bids for your project, but several hundred bids for all the different parts of it.

And it's easy to cope with changes along the way. Contrary to the view portrayed by traditional contracting, changes are not necessarily costly.

What is our incentive?

We get our fixed fee. So why should we work like beavers to meet budgets and time schedules?

We seem to have chosen a very tough and unrewarding way to make money.

This is not so. We are professionals. Our motivation comes from participating in the creation of functional, yet beautiful, build-

ings-completed on time and within budget. What's more, we find satisfaction in our work.

Nowadays you may find this a bit hard to swallow.

On the other hand, it's very simple to find out what we are like. Our list of references includes everyone we've ever built for.

Why did we come to the UK?

We believed that our method would have a future here. Our four years in the market have confirmed we were right.

Today we are a growing British company eager to show our merits.

We know that an advert is not enough to convince you. But if you have read this far, why not ring us for a meeting.

It won't take more than an hour of your time for us to demonstrate how we can benefit you in your next building project.

Our aim is to give you a professional service which saves you time and money and gives you ultimate control.

The last thing we would want you to do is just lie back and open your wallet.

Åke Larson
Your professional building partner

Åke Larson Construction Ltd, Kingsgate House, 536 King's Road, London SW10 0TE. Telephone: 01-3512211.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantime, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday March 21 1988

The disgrace of Dundee

TRADE UNION leaders meet today in a last-ditch attempt to resolve their differences over a single-union agreement for Ford of America's now-abandoned proposal for a £20m electronics plant at Dundee in Scotland. Whatever they decide - and their only hope is to sweep all objections aside and to agree to the deal reached by the AEU engineering union - may be too little, too late. It is just possible that lurking behind Ford's scrapping of the proposed plant is a dramatic attempt to end five months of inter-union wrangling, but virtually all the indicators, public and private, are that Ford means it for real.

Ford needed to produce competitively at Dundee, and that meant wage rates reflecting pay locally and in the electronics sector. Ford also had to be sure of continuity of supply. It is a tribute to Ford UK's and Britain's much-improved pattern of labour relations that the company chose to come to the UK at all. But Ford's first British national strike for a decade, and the industrial disputes which surrounded it, have once again thrown up doubts about how far Britain really has shrugged off the 1970s.

Informal policy

Ford Dundee will be the overt agenda for today's meetings at the TUC. But what will be its unspoken subject is the role for unions in Britain in the 1990s.

Since Ford announced its decision, the unions have been castigated for having failed to adapt to such new industrial relations developments as single-union agreements and strike-free deals. A closer look at the unions' most important level of activity - within individual enterprises - does not bear this out, but suggests that many employees, including union members, and local union officials, not only recognise the new realities but have done so for some time.

What remains a real political, social and industrial problem is the attitude of some national

Job destruction

But the unions need to do more. The TUC should establish an employment department (which, astonishingly, it does not have), complete with an inward investment unit, aimed at maximising trade union support for new companies and new jobs - and, perhaps even new union members.

Only when the unions begin to make such moves, away from job destruction and towards job creation, will what is for them collectively the disgrace of Dundee start to be erased.

Hard truths of 1992

WHEN BRITAIN nominated Lord Cockfield as its senior member of the European Commission in 1984, the choice was widely viewed as uninspired and even as a snub to Brussels. Then in his late sixties, little had been heard of political credentials second to make him out as a well-qualified candidate.

The truth seems to be that Britain is only now awakening to the practical consequences of the genuine common market it has demanded for so long and to which it and other EC countries committed themselves by treaty in 1985. By definition, closer integration cannot be achieved without compromise and some surrender of national autonomy. Any system which forces others to open their markets requires reciprocal concessions.

Abandoning the discredited EC doctrine of imposed harmonisation and centralised regulation, he has placed the emphasis on radical liberalisation and mutual recognition of national rules and standards. Though even this politically more realistic approach has not prevented slippage in the legislative timetable, progress so far owes much to his dogged persistence in holding the commission and EC ministers to their obligations.

At times, he has perhaps gone too far. His dogmatic insistence on the need to align national indirect taxes is based on debatable economic logic and has engendered political hostility which could jeopardise other, more important, parts of the single market plan. Nor have his high-handed manner and apparent pleasure at dressing down ministers like unruly schoolboys advanced the plan's progress.

Closer integration

Nowhere has his performance more visibly aroused political hostility than in Whitehall. Suspicions of "disloyalty" have bred a growing whispering campaign, suggesting that he is unlikely to be reappointed when his term expires at the end of this year.

The case against him is muted. He is accused of not having stood up for the British Government view. Yet the prime duty of a commissioner is - or should be - to act in the interests of the whole EC, not as the spokesman of his own country. More oddly, his principal sin appears to be an excess of zeal in implementing the very model of a free European market which successive UK governments have long held up as the EC's holy grail. Official

British criticisms have sometimes been dressed up in suggestions that he is hell-bent on "harmonisation for its own sake". That is unfair, and conflicts with complaints heard elsewhere in Europe that he is an unscrupulous and unqualified candidate.

His record has proved astonishingly effective in his job. As chief custodian of the EC's 1982 single market plan, he has seized command of what is arguably Europe's most important economic integration initiative since the Rome Treaty and marched it forward with vigour and determination.

Abandoning the discredited EC

doctrine of imposed harmonisation and centralised regulation, he has placed the emphasis on radical liberalisation and mutual recognition of national rules and standards. Though even this politically more realistic approach has not prevented slippage in the legislative timetable, progress so far owes much to his dogged persistence in holding the commission and EC ministers to their obligations.

The unions have been praised for their "realistic" attitudes, such as the AEU and the RMT's electricians, have been as strongly opposed to the TUC's single-union proposals as those who have been dammed over Dundee, such as the TGWU transport workers and the new MSF general technical union.

As a minimum, in addition to agreeing fully to the AEU's deal for Dundee, the unions must now commit themselves to these new and better proposals to deal with disputes over single-union deals. This would allow unions to respond to the market measures from employers. Otherwise, they would have to come to terms with the other and growing market pressure of non-unionism, which is largely and successfully being chosen by employers in just such sectors as the Scottish electronics industry.

The unions need to do more. The TUC should establish an employment department (which, astonishingly, it does not have), complete with an inward investment unit, aimed at maximising trade union support for new companies and new jobs - and, perhaps even new union members.

Only when the unions begin to make such moves, away from job destruction and towards job creation, will what is for them collectively the disgrace of Dundee start to be erased.

These trends show no sign of peaking and most economists believe that the flow of imports, especially manufactured imports, will continue to rise rapidly, even if not at accelerating rates. They say that the terms of trade will remain favourable for importers and that the Japanese domestic economy will remain buoyant for at least another year.

Japan's economy grew at an annual rate of 7 per cent in the fourth quarter of last year, according to the latest figures from the government's Economic Planning Agency. This followed an 8 per cent annual rate in the third quarter, confirming the strong recovery apparent since last spring. GNP growth for the full year was 4.2 per cent in real terms.

Although the conditions for strong import growth seem secure, it will not be enough to bring about a rapid decline in Japan's huge trade surplus.

For this to happen, exports must weaken and, so far, the country's export performance has shown a surprising resilience. In part, this is due to the continuing impact of the J-curve effect as the yen keeps rising. (A rise in a country's currency creates an apparently perverse initial increase in the value of its exports, then a delay before a defining trend sets in.) The export performance also reflects the remarkable ability of many Japanese manufacturers to adapt to the higher yen and so continue to export profitably.

The recovery has been stimulated by exceptionally easy monetary conditions, leading to a boom in householding and, in the latter part of the year, a surge in spending on public works. This year, these two sectors will probably remain strong because monetary conditions seem set to remain relaxed and the Government has committed itself to maintaining last year's level of public works expenditure.

After years of empty promises, the Japanese really are opening their markets.

The growth rate of imports has been accelerating for more than a year and last month their value was 48 per cent higher than in February 1987.

Japan's merchandise imports are now running at an annual rate of \$180bn a year, providing important contributions both to world economic growth and to the resolution of the acute international trade imbalance.

The yen has finally reached a level

which is forcing Japan's powerful manufacturers to export large portions of their production capacity. This is being accomplished through a combination of direct investments, joint ventures and - a new trend - outright takeovers of foreign companies. The logical next stage, of which Honda's made-in-the-US car is the most spectacular example to date, is that the manufacturers will import more products from Japan from their overseas factories.

A few economists believe that these trends are now so strong that Japan's bloated and troublesome trade surpluses could be eliminated within five years. Most of them agree that even if the surplus is not eliminated, they will probably drop to an acceptable level within that period.

The general trend is for the surplus to be reduced - there is a very good pattern now," says Mr Susumu Takeuchi, senior economist at the Industrial Bank of Japan. "I think we will get the trade surplus down to between one and two per cent of GNP (gross national product) within five years and that could be remarkable," says Mr Takeuchi, economist at the Long Term Credit Bank of Japan.

Last year's surplus was about 3.8 per cent of GNP. The rate of growth of Japan's imports began to accelerate early last year, thanks to a combination of market-opening measures by the Japanese government, the impact of the yen against the dollar.

Stronger consumer demand can already be seen in the sales trends for key products. New car sales were up 14 per cent in January and 17 per cent last month. In December, domestic shipments of colour television sets rose 14 per cent while shipments of video cassette recorders soared 28 per cent.

Spending on holidays is also rising rapidly. The Japan Travel Bureau has predicted that 7.5m Japanese will travel overseas this year, up 10 per cent compared with last year.

The economy's buoyancy is expected to persist until the end of next year and probably longer because the Government will want to maintain a climate that provides jobs for people displaced by the structural changes occurring in the manufacturing industry.

Although the conditions for strong import growth seem secure, it will not be enough to bring about a rapid decline in Japan's huge trade surplus.

For this to happen, exports must weaken and, so far, the country's export performance has shown a surprising resilience. In part, this is due to the continuing impact of the J-curve effect as the yen keeps rising. (A rise in a country's currency creates an apparently perverse initial increase in the value of its exports, then a delay before a defining trend sets in.) The export performance also reflects the remarkable ability of many Japanese manufacturers

to adapt to the higher yen and so continue to export profitably.

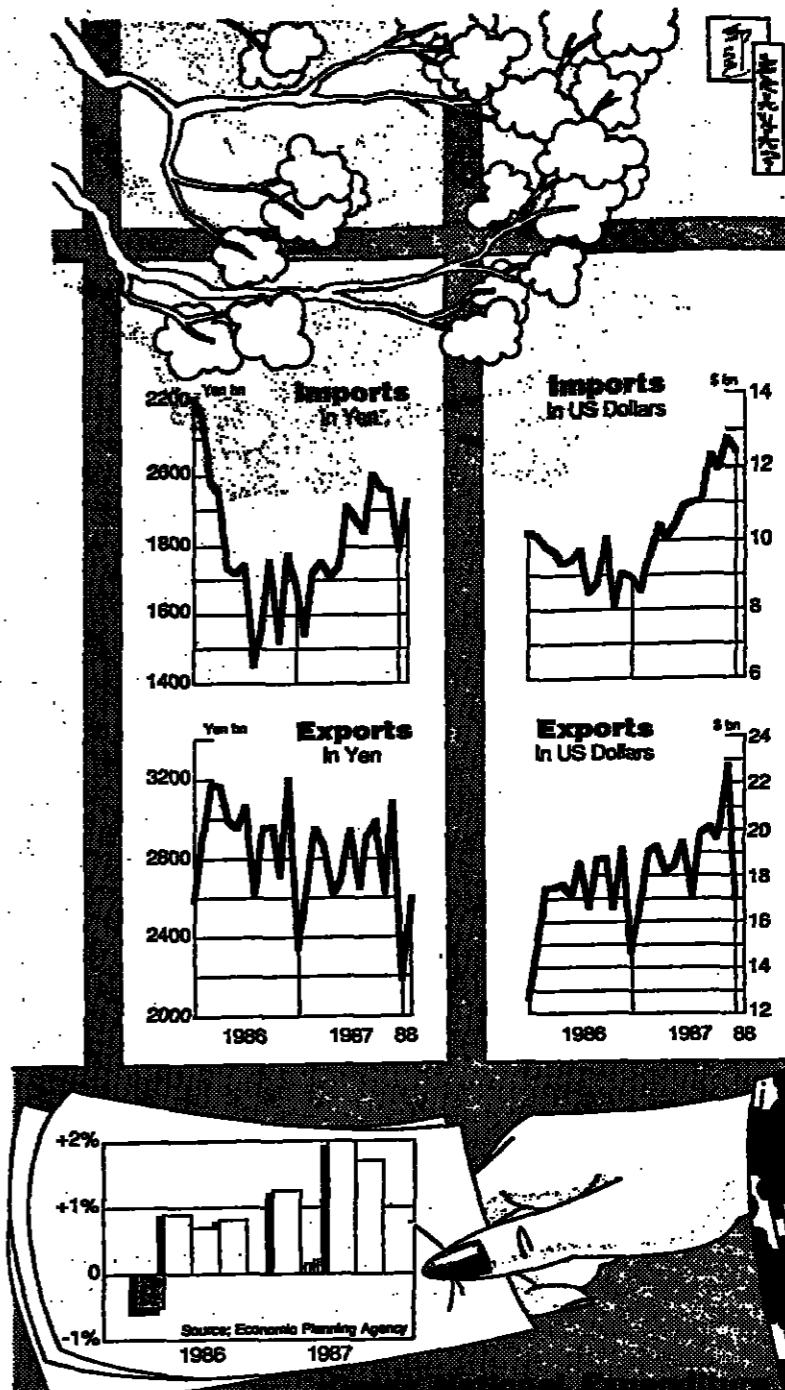
The recovery has been stimulated by exceptionally easy monetary conditions, leading to a boom in householding and, in the latter part of the year, a surge in spending on public works. This year, these two sectors will probably remain strong because monetary conditions seem set to remain relaxed and the Government has committed itself to maintaining last year's level of public works expenditure.

After years of empty promises, the Japanese really are opening their markets.

The growth rate of imports has been accelerating for more than a year and last month their value was 48 per cent

Ian Rodger reports on Japan's changing economy and its growing thirst for imports

The market opens at last



example, it is possible that Japan's economy could overheat in the next few months, leading to inflation, a tightening of the money supply and a slump in the stock and bond markets, which could undermine consumer spending and the growth in imports.

Some economists think this phenomenon could last for some time. "In the first five years of an overseas plant, exports to it tend to rise," says Ms Elizabeth Saccette of the securities group, Citicorp Scrimgeour Vickers, in Tokyo.

The impact on Japan's trade with its major partners has varied. The lingering currency J-curve effect and the export of capital equipment apply in particular to the US and to the newly industrialising countries (NICs) in Asia.

Thus, there is optimism in Tokyo that the trade surpluses with these areas are now, or will soon be, on a declining trend. In the past year, for example, merchandise export growth rates to the US were in double figures for only one month. Import growth rates, on the other hand, have continued to accelerate.

Trends with the European Community are more of a problem. While import growth has been very high (6.1 per cent last month), export growth rates have also remained strong. This suggests that Japanese exporters have been turning their focus from the US to the EC, where currencies have not fallen so much against the yen and so sales are more profitable. It remains to be seen if the European Commission's strategies of promoting exports and pressuring Japanese companies to set up local plants in Europe are enough to bring about a decline in the chronically high Japanese trade surplus (\$15.5bn last month).

The improvements could, of course, be upset. On the domestic front, for example, it is possible that Japan's economy could overheat in the next few months, leading to inflation, a tightening of the money supply and a slump in the stock and bond markets, which could undermine consumer spending and the growth in imports.

Mr David Gerstenhaber, of the US securities house Morgan Stanley, thinks the same. Mr Gerstenhaber is forecasting that Japan's trade surplus in the next fiscal year will plunge to \$8.5bn in the year to end this month, and will continue to drop rapidly thereafter.

Most economists remain more cautious; for example, Mr Takeuchi, of the Industrial Bank of Japan, is looking for a decline to \$23.5bn in fiscal 1988-89 and a gradual decline thereafter to between about \$20bn and \$20bn in five years' time.

If they are right, Japan's trade surplus will decline to such an extent that the country will no longer be considered the chief villain when it comes to apportioning blame for chronic trade imbalances.

King over the water

King over the water

King has become hard not to feel sorry for Tom King, the Northern Ireland Secretary who will make yet another statement in the House of Commons today about the latest - and perhaps most sickening - turn of events in the Province: the killing of the two British soldiers on Saturday.

King used to be a sort of all-purpose Minister, available to be shuffled from post to post whenever the Thatcher Cabinet had a hole in it. The Prime Minister kept him out of the first team when she formed her initial administration in 1976, even though he had served three not unsuccessful years as Shadow spokesman for Energy.

By early 1983, however, he was Secretary of State for Environment. In that year alone he had three successive Cabinet posts: Environment, Transport and Employment, which must be some sort of record.

King was moved from Employment to Northern Ireland in September 1985, when Margaret Thatcher was going through one of her bouts of ruthlessness. She removed Leon Brittan from the Home Office, installed Douglas Hurd, the previous Northern Ireland Secretary, in his place and sent King to Ulster.

Kevin McNamara, the Labour Party spokesman on Northern Ireland affairs who is normally pretty critical of Government policy, acknowledged most of that when he said on BBC Radio 4 yesterday that he had come to sympathise with the Secretary of State.

That is the truth, though it is not the whole truth.

King has run up against an old truth, namely that, in times of crisis, British policy towards Ireland can only be effective if the full authority of the British Government is seen to be behind it.

That was shown in 1972 when Willie Whitelaw pulled off the Sunningdale Agreement with

considerable Irish help, only for it to be forgotten when the British ran into domestic difficulties.

Because of the timing, King

played almost no part in the shaping of the Agreement. Indeed

his early reaction to it was one of

disbelief.

Close integration

Nowhere has his performance more visibly aroused political hostility than in Whitehall. Suspicions of "disloyalty" have bred a growing whispering campaign,

suggesting that he is unlikely to be reappointed when his term expires at the end of this year.

The case against him is muted.

He is accused of not having

stood up for the British Government view. Yet the prime duty of a commissioner is - or should be

to act in the interests of the whole EC, not as the spokesman of his own country. More oddly,

his principal sin appears to be an

excess of zeal in implementing the very model of a free European market which successive UK governments have long held up as the EC's holy grail. Official

British criticisms have sometimes been dressed up in suggestions that he is hell-bent on "harmonisation for its own sake". That is unfair, and conflicts with

complaints heard elsewhere in Europe that he is an unscrupulous and unqualified candidate.

The truth seems to be that

King is only now awakening to the practical consequences of the genuine common market it has demanded for so long and to which it and other EC countries committed themselves by treaty in 1985. By definition, closer integration cannot be achieved without compromise and some surrender of national autonomy. Any system which forces others to open their markets requires reciprocal concessions.

Abandoning the discredited EC

doctrine of imposed harmonisation and centralised regulation, he has placed the emphasis on radical liberalisation and mutual

recognition of national rules and standards. Though even this

politically more realistic approach has not prevented slippage in the legislative timetable, progress so far owes much to his dogged persistence in holding the commission and EC ministers to their obligations.

The truth seems to be that

King is only now awakening to the practical consequences of the genuine common market it has demanded for so long and to which it and other EC countries committed themselves by treaty in 1985. By definition, closer integration cannot be achieved without compromise and some surrender of national autonomy. Any system which forces others to open their markets requires reciprocal concessions.

Abandoning the discredited EC

doctrine of imposed harmonisation and centralised regulation, he has placed the emphasis on radical liberalisation and mutual

recognition of national rules and standards. Though even this

politically more realistic approach has not prevented slippage in the legislative timetable, progress so far owes much to his dogged persistence in holding the commission and EC ministers to their obligations.

The truth seems to be that

King is only now awakening to the practical consequences of the genuine common market it has demanded for so long and to which it and other EC countries committed themselves by treaty in 1985. By definition, closer integration cannot be achieved without compromise and some surrender of national autonomy. Any system which forces others to open their

A POST-BUDGET cut in interest rates is nowadays taken for granted by Conservative Chancellors of the Exchequer. It is their due reward from financial markets for fiscal prudence.

The half point cut in bank base rate to 8½ per cent last week was thus claimed as a ringing endorsement of last Tuesday's announcement of radical tax cuts and the first public sector financial surplus for nearly 20 years.

It also served to damp down the messy dispute over the exchange rate between the Chancellor and the Prime Minister. By reducing borrowing costs to stem a renewed surge in the pound's value, Mr Nigel Lawson could claim that he had re-established his control over policy.

The flood of overseas funds into sterling, however, was a vote of confidence that Mr Lawson would happily have done without. The cut in interest rates was not a carefully-orchestrated piece of political theatre. It was forced on him by the foreign exchange markets.

If, as Mrs Thatcher asserts, she and the Chancellor are once again part of "one big happy family", the fundamental policy dilemma behind their initial dispute remains unresolved.

The framework of exchange rate stability so carefully constructed by Mr Lawson is still standing, but the foundations have shifted and are threatening to crack. Industry is promised a degree of stability for the pound but no clarification of what that means in terms of dollars and D-Marks.

Officially, of course, there has been no change in policy. For the record that remains as follows: the Government's overriding aim is to maintain steady downward pressure on inflation; within that context it will seek to provide a stable environment for businesses by resisting large fluctuations in the exchange rate.

The problem occurs when the two objectives threaten to conflict. Mr Lawson has only one significant weapon – interest rates – to achieve both ends.

It was that dilemma – the need to reconcile a stable pound with a credible anti-inflation stance – which was behind the decision two weeks ago to allow sterling to rise above the DM 3.00 ceiling defended for the previous year.

The official judgment was that the inflow of funds into sterling was so strong as to make large-scale intervention in foreign exchange markets to keep it below DM 3.00 unsustainable.

The Bank of England's sales of sterling to meet overseas demand were exacerbating already rapid growth in the money supply. Immediate efforts to offset the monetary expansion through issues of gilt-edged securities – so-called sterilisation – might merely have added to the demand by holding up the level of interest rates.

Philip Stephens examines an economic policy dilemma facing the British Government



Trying to reconcile conflicting goals

Alternatively, of course, Mr Lawson could have cut interest rates before the Budget. That would have made sterling less attractive to overseas investors and perhaps kept it below DM 3.00. It would not, however, have enhanced the credibility of his anti-inflation commitment.

In the cloud of the claims and counter-claims of the past two weeks, it is difficult to know whether Mr Lawson was prepared to take the risk but was overruled by Mrs Thatcher.

The Prime Minister is said to have been irritated by Mr Lawson's sometimes oblique and occasionally more explicit suggestions that Britain had taken up shadow membership of the European Monetary System.

Against that, the Chancellor probably needed little convincing that the signals from the economy pointed to the need for a cautious stance on interest rates to restrain the growth rate of demand.

A few figures tell the story. Consumer spending has been rising at an annual rate of 5 per

cent and earnings by 8.5 per cent, while levels of capacity utilisation in manufacturing industry are back to the levels of 1978.

In parallel, much slower growth in overseas economies and a loss in Britain's competitiveness as a result of sterling's appreciation during 1987 is being reflected in a fairly rapid deterioration in Britain's trade position.

The Treasury's forecast of a £4bn current account deficit this year (compared to £1.5bn in 1987) is widely regarded as optimistic. The implication is that at some stage – perhaps in a few months, perhaps in a year – the present upward pressure on the pound will be reversed, risking higher inflation.

The broad measure of the money supply, M3, has been expanding by 20 per cent a year and, despite some fall last month, demand for bank credit remains at an uncomfortably high level.

As always, interpreting the money supply figures is fraught with difficulties. The surge in personal credit behind the rapid expansion of M3 is closely linked

to structural and behavioural shifts in the economy which have fogged the implications for future inflation.

But the overall domestic environment hardly suggested scope for lower borrowing costs. If the economy is not overheating, it certainly shows no sign of a significant cooling.

In those circumstances, the eventual decision last Thursday to cut base rates could only be justified in the context of the pound's rise since the beginning of the month. Arithmetical precision is impossible, but the Government believes that a 3 per cent appreciation of the pound against the D-Mark tightened policy sufficiently to be offset by a half point cut in interest rates.

Lower interest rates will raise the inflationary lid in areas like consumer spending and borrowing, but a higher pound will push it down more firmly on companies competing at home and abroad with foreign businesses.

The immediate impact on competitiveness and exports is unlikely to be dramatic. The wide

gap in interest rates between Britain and elsewhere as well as of flagging competitiveness. Anecdotal evidence suggests that exporters' profits margins are relatively high.

The juxtaposition, however, of a high exchange rate and low borrowing costs can hardly be ideal. It will discourage shifts of resources into the export sector, and it will give an additional boost to already rapid growth in imports.

If official policy is still applying downward pressure on inflation, that pressure is being applied in just the wrong place.

This, of course, has been the rationale behind Mr Lawson's policy of promoting exchange rate stability. If he had the choice of swapping the present position for, say, an exchange rate of DM 2.85 and interest rates of 9½ per cent, he would jump at the chance.

In the real world, he has to cope with the possibility that in the short term sterling will actually rise rather than fall, kicking away the remaining supports of his exchange rate policy.

So far his response has been to try to "walk stability". His comment that a further significant cut in sterling's value against the D-Mark is unlikely to be sustainable has become off-target.

Unfortunately, governments help to reinforce this way of thinking by the absurd and idiosyncratic unusual British habit of confining the Budget to taxation, and announcing public spending plans separately on a much earlier day.

In contrast to almost every other country, the British Budget is concerned entirely with raising revenue and not at all with spending. Public expenditure decisions are announced the previous October or November in the Chancellor's Autumn Statement and amplified in the subsequent Public Expenditure White Paper. One result is that however many increases there have been in public expenditure, they have been long forgotten by Budget day.

The lack of any detailed explanation as to the depth of the present commitment to exchange rate stability may help to preserve the Chancellor's tactical room for manoeuvre in the markets. But it will not underpin industry's confidence that it can make output and investment decisions on the assumption that they will be not overtaken by shifts in the pound's value.

Providing that assurance was the rationale last year for loud public statements of the commitment to stability, particularly against the D-Mark. The Bank of England added \$20m to its foreign exchange reserves as evidence that words would be matched by actions.

Mr Lawson is asking now that industry take a rather vaguer pledge on faith. Policy, according to one insider, is not something that can be set down in precise terms but rather a framework which has to be adapted to changing circumstances. That may be true but it does not make it easy to understand.

HOW MANY people know that after all the tax changes made by a bold Chancellor in a right-wing radical government, in the first year of a parliament, the tax burden as a proportion of the national income will be high.

The juxtaposition, however, of a high exchange rate and low borrowing costs can hardly be ideal. It will discourage shifts of resources into the export sector, and it will give an additional boost to already rapid growth in imports.

If official policy is still applying downward pressure on inflation, that pressure is being applied in just the wrong place.

This, of course, has been the rationale behind Mr Lawson's policy of promoting exchange rate stability. If he had the choice of swapping the present position for, say, an exchange rate of DM 2.85 and interest rates of 9½ per cent, he would jump at the chance.

In the real world, he has to cope with the possibility that in the short term sterling will actually rise rather than fall, kicking away the remaining supports of his exchange rate policy.

So far his response has been to try to "walk stability". His comment that a further significant cut in sterling's value against the D-Mark is unlikely to be sustainable has become off-target.

Unfortunately, governments help to reinforce this way of thinking by the absurd and idiosyncratic unusual British habit of confining the Budget to taxation, and announcing public spending plans separately on a much earlier day.

In contrast to almost every other country, the British Budget is concerned entirely with raising revenue and not at all with spending. Public expenditure decisions are announced the previous October or November in the Chancellor's Autumn Statement and amplified in the subsequent Public Expenditure White Paper. One result is that however many increases there have been in public expenditure, they have been long forgotten by Budget day.

The lack of any detailed explanation as to the depth of the present commitment to exchange rate stability may help to preserve the Chancellor's tactical room for manoeuvre in the markets. But it will not underpin industry's confidence that it can make output and investment decisions on the assumption that they will be not overtaken by shifts in the pound's value.

Providing that assurance was the rationale last year for loud public statements of the commitment to stability, particularly against the D-Mark. The Bank of England added \$20m to its foreign exchange reserves as evidence that words would be matched by actions.

Mr Lawson is asking now that industry take a rather vaguer pledge on faith. Policy, according to one insider, is not something that can be set down in precise terms but rather a framework which has to be adapted to changing circumstances. That may be true but it does not make it easy to understand.

Lombard

Time to end the archaic UK Budget procedures

By Samuel Brittan

every British Budget is an aggravating factor, and it is worth expending a great deal of effort to end.

The peculiar separation of the two persists partly because of an excess of virtue on the part of Whitehall. The British financial year begins in April. But the main public expenditure decisions have to be taken several months before there is to be any coherent planning of government activities.

On the other hand, tax decisions – especially on the rates as distinct from the tax structure – can be made very much nearer the beginning of the financial year. The Treasury is, thus, extremely reluctant to announce tax decisions, whether firm or tentative, on the basis of revenue estimates and economic forecasts which can change a lot between the autumn and the early spring.

The Armstrong Committee, of which I was a member, suggested

However much public spending is increased, it is all forgotten by Budget day

that the Chancellor should present a Green Budget in the autumn. By this I meant that provisional tax proposals should be made at the same time as the public expenditure announcement.

But the Treasury was understandably never prepared to give so many hostages to fortune, and there is probably no future in a Green Budget, or revenue projections not tied to specific policy action. Reform must take a different line. There is a strong case instead for doing as other countries do and announcing public expenditure and actual tax decisions at the same time, which, given the British financial year, would have to be around November.

Of course, not all the polarised reaction to the Budget was due to timing or procedure. But the preoccupation with tax to the exclusion of spending in each and

every budget. But the objection is not that strong. The Chancellor can always amend his tax changes during the course of the Finance Bill, which even now does not become law until four months after the Budget.

There are even positive economic advantages in the Government making its main tax decisions in the autumn. If revenue projections are made some way ahead they will probably be – and certainly should be – based more on trend projections of economic growth and inflation rather than short-term forecasts of cyclical movements.

There will thus be a tendency to surplus in boom conditions and a tendency to deficit in a recession. It should be possible to combine the long-term balanced Budget rule, enunciated by Mr Lawson last Tuesday, with built-in fiscal stabilisers in the short term. (By this I mean a tendency towards automatic surpluses in boom and automatic deficits in recession.)

Such procedures would not solve all the problems of fiscal policy. Booms and recessions may last more than a year, and conscious decisions will still sometimes have to be made either to postpone balancing the Budget or to continue a series of surpluses. But the pressures would usually be in the right direction.

All the political, educational and presentational arguments point to taking and announcing both expenditure and revenue decisions at the same time. The main economic arguments against are those of either 1960s fine tuning or Gladstonian year-by-year budget balancing. Now that both of these are out of fashion and lip service at least is paid to a medium or long-term Budget balance, with temporary variations either way, there is no reason why the British Budget should be the odd one out in dealing with tax to the exclusion of spending.

If public expenditure and the tax changes can be announced at the same time, it will at last be possible to show how the fruits of growth are being shared between the private and public sectors. Otherwise tax and public expenditure will once again start to swallow an ever-increasing proportion of the national income.

Two new ways to invest in Traded Options. And why we only recommend one of them.

The world's Commodity markets have traditionally produced exceptional profits for the astute investor. But the potential for profit has always been matched by an equally high degree of risk.

So much so that, since 1966, we have been reluctant to recommend Commodities to any but the most experienced investors.

Indeed, since the middle of the last century, we have concentrated on acting as brokers and advisors to leading institutions in the City rather than the private investor.

Today, however, the markets have changed dramatically.

In the last ten years Traded Options have become one of the world's fastest growing areas of investment.

Now, two new developments, Rudolf Wolff's Managed Options Accounts and Independent Traded Options Accounts, open the way for you to profit from these fast-moving markets.

With the crucial advantage that your minimum investment can be as low as £5,000.

Two ways to invest in Traded Options.

Each of our new Accounts offer, in their different ways, levels of protection that have previously been unobtainable with traditional futures trading.

Which of these two routes into the market is appropriate to you will depend first and foremost on your investment aims, your degree of knowledge of the markets and your personal finances.

We will discuss these factors with you before recommending which of our Traded Options Accounts is most suitable for you.

Each is fully backed by the worldwide resources of Rudolf Wolff with over 120 years of unbroken experience in the Commodity Markets.

And, perhaps most importantly, each allows you to decide precisely the level of control over your investment that you

level of financial resources and knowledge of the market you should have before you invest in an Independent Traded Options Account.

To safeguard your interests, they may recommend that you begin by investing for a while in the relative safety of a Managed Account while you familiarise yourself with the markets.

Your next step...

To find out whether Traded Options are for you, simply telephone the Private Client Department on 01-626 8763 or complete the coupon below.

We will ensure that you receive a booklet detailing the range of broking services we provide and giving examples of how Traded Options can be made to work to your advantage.

Their will act on international trends and price movements and relieve you of the burden of paperwork and administration.

Independent Traded Options Accounts.

Rudolf Wolff's Independent Traded Options Accounts have been developed specifically for more experienced investors who prefer to take an active role and make their own individual investment decisions.

In essence, the Account Managers act on your behalf in much the same way as your stockbroker; carrying out your instructions and advising you of trends developing in the markets around the world.

They will guide you in all aspects of Options Trading, ranging from simple techniques to the most sophisticated strategies.

And discuss with you the ideal

Rudolf Wolff & Co Ltd, The Private Client Department, Plantation House, 31-35 Fenchurch Street, London EC3M 3DX. Telephone: 01-626 8763. Telex: London 885039. Fax: 01-626 8763.

Please send me details of:

Managed Traded Options Accounts

Independent Traded Options Accounts

Name _____

Address _____

Postcode _____

Telephone _____

Rudolf Wolff

A Member of the Association of Futures Brokers and Dealers (AFBD).

Monday March 21 1988



Janet Bush
on Wall Street

Keeping track of indexes

THREE QUARTERS of all US fund managers, whatever their access to large and expensive research departments and whatever their flair for stock selection, fail consistently to beat the returns offered by the major stock indices.

This is a rather salutary fact for those in the brokerage market who believe it is possible to play the market more cleverly than the market itself, and lies behind the enormous appeal of indexed portfolios.

Figures provided by the bi-weekly Pension and Investment Age show that, as of November 30 1987, \$16.4bn was managed in indexed portfolios by 29 fund managers. Of this total, \$10.7bn was tied up in equity-indexed portfolios, \$4.7bn in fixed-income portfolios and \$5.9bn in international portfolios.

This type of fund management shuns the idea of individual stock selection. Instead, a portfolio is built to replicate a chosen stock index – such as the Standard & Poor's 500 – and then track it as closely as possible, so capturing the usually superior returns of a broad group of stocks.

The whole question of trading baskets of shares has gained prominence since the October market collapse. A number of major reviews of the crash, including the huge report from the Securities and Exchange Commission, suggested thought should be given to developing the concept.

On cue, the Philadelphia Stock Exchange last week announced it had filed with the SEC for permission to trade an entirely new product called the CIP, a Cash Index Participation contract. This, if it proves workable, would offer the individual investor, even one with only a small amount of money to commit to the stock market, the alternative of investing in, for example, a basket of stocks directly instead of through a mutual fund.

The CIP would trade exactly like an individual stock. It is a contract, but has no expiry date, and attracts a quarterly dividend. According to the Philadelphia Stock Exchange, which has been working on this idea for two years, an investor could buy a single CIP for as little as \$20.

The CIP would provide the diversity and stability of a broad-based or index-based stock fund. It would also have the advantage that, while a broad investment in a mutual fund entails not only commissions but also management fees, CIPS would involve only commission.

Mr Frederick Plantz, quantitative analyst at Banc One Asset Management in Columbus, Ohio, finds the idea of the CIP exciting. "Indexing is here to stay and it is now spreading to the personal market... If these things work, they could really give mutual funds a run for their money."

In a separate development last week, Standard & Poor's announced a major change in the way it constructs its index. At present, the index is made up of four rigid industry sector categories – industries (40 stocks), financials (40), utilities (40) and transportation (20). As things now stand, if a utility, for example, was dropped from the index, it would be replaced by another utility. After April 6, Standard & Poor's will have discretion about the kind of stocks dropped in and out of the index, allowing it to respond more flexibly to changes.

The S & P 500 index is not only widely used by fund managers who replicate its constituent stocks in portfolios. It has also gained prominence because of the influence of arbitrageurs who take advantage of price discrepancies between the key S & P 500 futures contract and the constituents underlying stocks in the cash market.

Indexed fund managers are now waiting to see if the number of changes to the index increases, reflecting the new flexibility.

Mr Plantz commented that any increase in the number of changes would make the indexed fund managers job more difficult, although he did not see any impact on stock index arbitrageurs.

Mr Edgar Peters, senior portfolio manager at the Boston Co., said index funds which fully replicated the S & P 500 would probably not be significantly affected by the change. However, indexed portfolios which do not incorporate all 500 stocks, but which employ sector weightings, could find it more difficult to keep those weightings balanced if the make-up of the S & P 500 changed rapidly.

Unless Standard & Poor's usher in changes sensitively, indexed portfolio managers may have to display some of the ingenuity of those brokers who persist with the fine art of stock selection.

IADB loans drop sharply after funding dispute

BY ALEXANDER NICOLL IN CARACAS

LOANS advanced by the Inter-American Development Bank, Latin America's multilateral financing body, fell sharply last year, as a result of a long and damaging dispute over its future funding.

Starved of lending power by the two-year wrangle between the US and Latin countries over voting control, the IADB approved only \$2.38bn of new loans in 1987, according to an annual report published today.

This was well below the \$3.45bn of 1986 and the record \$3.57bn of 1984.

Officials, meeting in Caracas over the weekend before the annual meeting which begins formally today, opted to defer discussion of capital replenishment for several months.

They felt nothing could be achieved until Mr Enrique Iglesias, recently elected as the bank's new president, had spelled out his ideas about its future direction.

Mr Iglesias, Uruguay's former foreign minister and a renowned diplomat, is due to address the meeting today. Hopes are high that he will bring a new sense of

urgency and efficiency to the bank.

He is expected to bypass the bitter debate on voting, in which the US and Latin countries hold deeply entrenched positions.

The US has made its support of a capital increase conditional on being able to veto any new loan with the support of one other country. Latin nations, which currently have 54 per cent of the votes, have been prepared to accept a 40 per cent veto – the US plus two other executive directors on the bank's board.

Mr Iglesias is likely to seek a broad consensus on the aims of the bank before pushing to a final resolution of the funding question. He will find plenty of support for his general aim from both Latin and industrialised countries.

"This institution has drifted onto the rocks," said an official from one industrialised country. He voiced doubts about the effectiveness of the bank's loans and criticised its slow, bureaucratic procedures.

Mr Iglesias, Uruguay's former foreign minister and a renowned diplomat, is due to address the meeting today. Hopes are high that he will bring a new sense of

urgency and efficiency to the bank.

According to the annual report, new loan disbursements were only \$1.92bn, the lowest since 1983. This meant that net transfers were negative during a year in which Latin America's economic growth rate sagged to an estimated 2 per cent from an average of 3.8 per cent in the three previous years.

None of the four largest countries – Argentina, Brazil, Mexico and Venezuela – achieved 4 per cent growth.

Despite a rise in the net flow of capital estimated at \$14.4bn by the United Nations Economic Commission for Latin America, overall net transfers of financial resources from Latin America remained negative, although lower than in 1986.

The drop in the IADB's new loans was accompanied by a sharp fall in the bank's own borrowings on international capital markets from \$1.91bn in 1986 to \$1.60bn. It is now very close to its permitted borrowing and lending ceilings.

Ceasefire talks will go ahead despite Sandinista offensive

BY ROBERT GRAHAM IN LONDON

DIRECT talks between the Nicaraguan Government and representatives of the US-backed Contra rebels are expected to go ahead today as planned despite the sharp escalation in regional tension caused by a major Sandinista offensive.

Over the weekend, Honduras continued to insist that Nicaraguan troops were inside Honduras and President Jose Azcuna ordered a second bombing raid against Sandinista positions.

Also, elements of the 3,200 US combat troops airlifted to Honduras last week were moved closer to the border area but US military spokesman insisted they would not be engaged in battle.

The ceasefire talks are part of the Central American peace plan agreed last August in Guatemala by the five regional heads of government.

The Nicaraguan Government and the Contras have been going through elaborate manoeuvres to avoid real concessions. But both sides are under strong pressure to negotiate seriously and these talks could be decisive in determining the broader progress of the Central American peace plan and of a ceasefire inside Nicaragua.

Last month the Contras were denied further aid by Congress and they are now assessing the chances of renewed support in

the light of the Sandinista offensive.

Congress' rejection of fresh aid requests for the Contras is believed to have been an important factor behind their current dry-season offensive. The CIA can no longer resupply the Contras inside Nicaragua by air, and therefore, with the latter's supply base weakened, the Sandinistas can enter negotiations more confidently.

By the weekend it appeared that most of the Sandinista troops that had crossed into Hon-

duras to attack Contra bases had withdrawn.

The Honduran bombing raids appeared to be more symbolic than targeted. In the two raids a total of five bombs were dropped in the border area.

The Sandinistas protested over violation of Nicaraguan airspace but it appears little damage was caused.

The bombing occurred near the main fighting in the remote north-east of the country near the confluence of the River Río with the River Coco.

Report sought on 'savage' killing of British soldiers

Continued from Page 1

but several taxis that had been following the cortège blocked its escape. The crowd then attacked the car with bars and wrenches, dragging the two soldiers, both of whom had pulled out guns, from the vehicle. Out of sight of TV cameras who had filmed most of the sequence of events, the soldiers were taken away, stripped

and then shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay away from Republican funerals after criticism of what were described as past heavy handed tactics. It will now clearly have to reassess that decision, although Sinn Fein still insists that police stay away.

Unionist politicians have questioned why it took police so long to reach the scene of Saturday's events. The leader of the Official Unionists, Mr James Molyneaux, has said 500 members of the security forces were on duty around West Belfast and a helicopter that hovered overhead could see all that happened, yet up to 45 minutes elapsed before police arrived at the scene of the soldiers' murders.

Mr Ian Paisley, the leader of the Democratic Unionist Party, has said both Mr King and Mr. Toner must resign.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

US-Soviet talks face problems

By Our Foreign Staff

PRE-SUMMIT talks which open tomorrow in Washington between Mr Edward Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, US Secretary of State, will be held against the background of "serious problems" in drafting a treaty to scrap 50 per cent of US and Soviet strategic nuclear weapons.

Mr Alexander Bessmertnykh, a deputy Foreign Minister, said at the weekend Moscow was especially disappointed over the stance of the US delegation at the Geneva strategic arms talks.

He charged that a number of major elements regarding adherence to the Anti-ballistic Missile Treaty signed in 1972, the US was trying to return to a position it held before the Washington summit last December.

However, Mr Shultz said yesterday that a strategic arms treaty with the Soviet Union before a superpower summit expected in May was still possible.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

Continued from Page 1

stated at the funerals of two of the three IRA members shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay away from Republican funerals after criticism of what were described as past heavy handed tactics. It will now clearly have to reassess that decision, although Sinn Fein still insists that police stay away.

Unionist politicians have questioned why it took police so long to reach the scene of Saturday's events. The leader of the Official Unionists, Mr James Molyneaux, has said 500 members of the security forces were on duty around West Belfast and a helicopter that hovered overhead could see all that happened, yet up to 45 minutes elapsed before police arrived at the scene of the soldiers' murders.

Mr Ian Paisley, the leader of the Democratic Unionist Party, has said both Mr King and Mr. Toner must resign.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

Continued from Page 1

stated at the funerals of two of the three IRA members shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay away from Republican funerals after criticism of what were described as past heavy handed tactics. It will now clearly have to reassess that decision, although Sinn Fein still insists that police stay away.

Unionist politicians have questioned why it took police so long to reach the scene of Saturday's events. The leader of the Official Unionists, Mr James Molyneaux, has said 500 members of the security forces were on duty around West Belfast and a helicopter that hovered overhead could see all that happened, yet up to 45 minutes elapsed before police arrived at the scene of the soldiers' murders.

Mr Ian Paisley, the leader of the Democratic Unionist Party, has said both Mr King and Mr. Toner must resign.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

Continued from Page 1

stated at the funerals of two of the three IRA members shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay away from Republican funerals after criticism of what were described as past heavy handed tactics. It will now clearly have to reassess that decision, although Sinn Fein still insists that police stay away.

Unionist politicians have questioned why it took police so long to reach the scene of Saturday's events. The leader of the Official Unionists, Mr James Molyneaux, has said 500 members of the security forces were on duty around West Belfast and a helicopter that hovered overhead could see all that happened, yet up to 45 minutes elapsed before police arrived at the scene of the soldiers' murders.

Mr Ian Paisley, the leader of the Democratic Unionist Party, has said both Mr King and Mr. Toner must resign.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

Continued from Page 1

stated at the funerals of two of the three IRA members shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay away from Republican funerals after criticism of what were described as past heavy handed tactics. It will now clearly have to reassess that decision, although Sinn Fein still insists that police stay away.

Unionist politicians have questioned why it took police so long to reach the scene of Saturday's events. The leader of the Official Unionists, Mr James Molyneaux, has said 500 members of the security forces were on duty around West Belfast and a helicopter that hovered overhead could see all that happened, yet up to 45 minutes elapsed before police arrived at the scene of the soldiers' murders.

Mr Ian Paisley, the leader of the Democratic Unionist Party, has said both Mr King and Mr. Toner must resign.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

Continued from Page 1

stated at the funerals of two of the three IRA members shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay away from Republican funerals after criticism of what were described as past heavy handed tactics. It will now clearly have to reassess that decision, although Sinn Fein still insists that police stay away.

Unionist politicians have questioned why it took police so long to reach the scene of Saturday's events. The leader of the Official Unionists, Mr James Molyneaux, has said 500 members of the security forces were on duty around West Belfast and a helicopter that hovered overhead could see all that happened, yet up to 45 minutes elapsed before police arrived at the scene of the soldiers' murders.

Mr Ian Paisley, the leader of the Democratic Unionist Party, has said both Mr King and Mr. Toner must resign.

I think it's possible, but I think it's very hard work," he said in a television interview hours before Mr Shevardnadze was due in Washington for a second round of monthly pre-summit meetings.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, said at their last summit in Washington in December they wanted to sign a treaty halving strategic arsenals.

After Mr Shultz and Mr Shevardnadze met in Moscow last month, both sides were cautiously optimistic about the prospects of an accord. But Mr Reagan told the Washington Post recently there was not enough time to finish the pact.

Subsequently it was explained that the President meant the success of a summit did not depend on a strategic treaty-signing.

Continued from Page 1

stated at the funerals of two of the three IRA members shot dead by the British Army in Gibraltar. On Saturday he tried to comfort the two dying soldiers.

"People here are numb. People are in shock. I saw them in tears at what had been done," said Fr. Toner.

The RUC recently decided to stay

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday March 21 1988



HO PEPE
SPAIN'S SHERRY
GONZALEZ BYASS

INTERNATIONAL BONDS

Eurodollar FRNs remain aloof from US banking troubles

BY CLARE PEARSON IN LONDON

BAD NEWS about US banks does not bother Eurodollar floating rate note dealers the way it used to.

They have been able to stop worrying because many of them have simply given up trading that substantial portion of the \$150m FRN market which is most vulnerable to plummets in banks' credit ratings - the sector for fixed-term subordinated and perpetual bonds.

Not surprising, then, that last week's news that the US Government was having to work out a rescue operation for First Republic Bank, the largest bank holding company in Texas, while a \$1.5bn bail-out for First City Bancshares, in Houston, was foundering on resistance from creditors, did not send prices of affected bonds shooting down.

"I think I last saw one of the subordinated issues change hands at about 37," said one dealer. "But I can't remember when."

The Dallas banking sector, of course, has particular problems of which dealers have long been aware. But last week also furnished broader evidence of the drying up of professional dealing in subordinated bank debt.

On Monday, more houses followed an initiative taken by J.P. Morgan Securities about 10 days before and announced that they would give up market making in all subordinated paper.

This withdrawal by nearly half the market makers in the sector was seen as merely a public confirmation of a development that had been in train for some time. Nevertheless, it underlines just how profoundly and quickly the market has changed.

Two years ago, all types of issues were being traded on tight spreads and were promoted as alternatives to money market instruments.

As far as the subordinated issues are concerned, the notional value at the end of last year, with the publication of proposals for an international harmonisation of standards of capital adequacy for banks.

This raised the possibility that Japanese banks, the largest buyers of subordinated notes, would have to deduct a proportion of their holdings from their own capital.

But worries about capital adequacy requirements had already taken their toll on the market about a year before, playing a large part in the collapse of a deal in the private placement market.

The going rate on a private placement of subordinated bonds has been ½ percentage point, or more, over London interbank

maturity dates and were issued to banks to raise capital, in December 1986.

It is hard to imagine now how the new issues market for subordinated bonds could be reopened, although the State Bank of New South Wales has in fact been able to raise \$25m worth of capital with a new issue in recent months. But this was a special case, since, in the eyes of investors, it ranked as senior debt, but a special arrangement with the Australian authorities enabled the bank to count it as capital.

In recent months banks have been finding other ways of raising subordinated debt, away from the FRN market place. In particular, they have been placing issues privately with Japanese leasing companies.

This development, however, provided new shocks for FRN market makers because of the difference between the interest rates banks were paying in the private placement market and the levels at which public FRNs were being quoted.

The going rate on a private placement of subordinated bonds has been ½ percentage point, or more, over London interbank

EUROMARKET TURNOVER (\$m)

	Primary Market	CDS	FRN	Other
US	3,781.2	67.7	2,624.7	7,011.1
Other	4,381.8	15.3	8.0	1,774.2
Prev	4,101.8	15.1	24.3	6,811.1
Week to 17 March 1988	Source: ABED			

Week to 17 March 1988

Source: ABED

assets that might otherwise have been directed towards subordinated FRNs in recent months.

The houses that have opted out of professional trading in subordinated issues now aim to act as brokers in them, bringing together client orders as they come from time to time. Through this, they spread the interest in the market so as to yield margins. The 10 or so houses that are still quoting prices are now doing so on a ½ percentage point bid-offered spread, as opposed to the 10 basis points that used to be standard.

The closure of the subordinated bank sector takes away a substantial portion of the \$150m FRN market. However, that still leaves the market for senior bank debt, and the sovereign FRN sector.

Problems with subordinated issues had a "knock-on" effect on senior bank debt last year, especially as concerns about banks' exposure to Latin American debt resurfaced. However, senior issues have been relatively robust: dealers say they still trade fairly actively in sizes of \$3m a side on a 10 basis point spread.

Meanwhile, the sovereign FRN

sector is still a model of liquidity. The biggest issue, a \$40m FRN for the United Kingdom, changes hands in sizes of \$m on a three basis point dealing spread.

There would in fact be ample opportunity for a sovereign to issue a new FRN. But there is little prospect of new supply coming into the market so long as interest rates remain at current yield margins.

The 10 or so houses that are still quoting prices are now doing so on a ½ percentage point bid-offered spread, as opposed to the 10 basis points that used to be standard.

Meanwhile, the sterling floating rate note market - which has always been seen as something of a cottage industry - has bucked the trend of the dollar FRN sector. It has been becoming more rather than less liquid recently, dealers say.

This is because investors are much happier with the names in the sterling FRN market than in the dollar sector. UK building societies make up the bulk of the market, which has also seen issues for French banks and state agencies, and some UK banks. It comprises very few subordinated issues.

True, a number of US houses, such as Merrill Lynch and Salomon Brothers, have recently dropped out of the sterling sector. But other new dealers have taken their place, and the UK

bond market is still growing.

Amstrad is to fight the Olivetti challenge and is confident that the Italian company will not dent sales of its personal computers, which have greatly expanded the British market since Amstrad launched its first range in 1986.

In 1987, according to provisional figures from Rometic, a market research group, Amstrad sold 100,000 personal computers in the UK, giving it market leadership in volume terms.

Until now, Olivetti has sold only middle to high end personal computers in Britain, where it has been one of the most successful companies after IBM, the leader of that market segment.

Dixons is about to offer three models in Olivetti's low-cost PC1 range, which it unveiled in Italy last July. Mr Alan Dickinson, Dixons's senior computer buyer, said they would be aimed at the home and education markets.

It is crucial for Amstrad to keep its grip on the British market in order to give it a stable base from which to pursue its new strategy of building up overseas sales. Amstrad already claims market leadership in volume sales of personal computers in France and Spain.

Mr Alan Sugar, Amstrad chairman, predicted his sales would be unaffected by the Olivetti machine, which he described as a "pregnant calculator".

Olivetti to challenge Amstrad's UK niche

By David Thomas in London

A FIERCE BATTLE for control of Britain's booming low-cost personal computer market is looming following Olivetti's decision to enter the fray in competition with Amstrad, the British group which revolutionised the UK market with its low-cost machines.

Dixons, the UK retailer which dominates the UK retail personal computer business, is due to announce soon that it will stock the Italian company's machines, breaking Dixons' almost complete dependence on Amstrad for its personal computer sales.

Amstrad is to fight the Olivetti challenge and is confident that the Italian company will not dent sales of its personal computers, which have greatly expanded the British market since Amstrad launched its first range in 1986.

In 1987, according to provisional figures from Rometic, a market research group, Amstrad sold 100,000 personal computers in the UK, giving it market leadership in volume terms.

Until now, Olivetti has sold only middle to high end personal computers in Britain, where it has been one of the most successful companies after IBM, the leader of that market segment.

Dixons is about to offer three models in Olivetti's low-cost PC1 range, which it unveiled in Italy last July. Mr Alan Dickinson, Dixons's senior computer buyer, said they would be aimed at the home and education markets.

It is crucial for Amstrad to keep its grip on the British market in order to give it a stable base from which to pursue its new strategy of building up overseas sales. Amstrad already claims market leadership in volume sales of personal computers in France and Spain.

Mr Alan Sugar, Amstrad chairman, predicted his sales would be unaffected by the Olivetti machine, which he described as a "pregnant calculator".

Thorn-EMI leads UK borrowers back with £400m financing

BY STEPHEN FIDLER IN LONDON

BRITISH COMPANIES, led by Thorn-EMI with a £400m standby financing, were back in force last week in the international loans market.

National Westminster Bank and Barclays de Zoete Wedd

are arranging the seven-year multi-option facility. It carries a facility fee of 7½ basis points on the so-called available portion and 5½ basis points on the unavailable part. A maximum of 50 per cent can be designated unavailable.

The margin if drawn is 12½ basis points over London interbank offered rates, and there is a utilisation fee of 3½ basis

points if more than half drawn.

After the announcement of the £150m financing being arranged by SG Warburg for Renters, another borrower with a security value has decided to call on the market - Wellcome, the pharmaceuticals group.

Baring Brothers has been mandated to arrange this £200m tender panel facility, of which £200m will be underwritten. The seven-year financing carries an underwriting fee of 6½ basis points. A margin over Libor of 12½ basis points is payable on the first £100m.

of drawings and 15 basis points on the remainder.

Terms were disclosed on several previously mandated deals, including the £200m standby being arranged by Warburg for Mortgage Asset Eurosecurities, a vehicle company set up to issue Eurocommercial paper to finance UK house mortgages originated by Canadian Imperial Bank of Commerce. It carries a 9 basis point fee for the available portion and 6 basis points on the unavailable, a maximum of 50 per cent.

County NatWest is arranging that deal and a £75m, five-year financing for Roseleigh, the UK property concern. This carries a 9 basis point underwriting fee and a margin on drawings of 15 basis points, with a utilisation fee if more

than half drawn of 5 basis points. There is also a swingline, which would pay the higher of base rate plus 1 per cent, or Libor plus 15 basis points.

N. Brown, the Manchester-based direct mail order group, is raising a £50m facility through N.M. Rothschild, of which £30m will be underwritten.

The County NatWest is arranging that deal and a £75m, five-year financing for Roseleigh, the UK property concern. This carries a 9 basis point underwriting fee and a margin on drawings of 15 basis points, with a utilisation fee if more

than half drawn of 5 basis points. There is also a swingline, which would pay the higher of base rate plus 1 per cent, or Libor plus 15 basis points.

Banco Português do Atlântico has mandated Indo-credit to raise a \$50m five-year facility - £125m of which was committed - for London International Group, the UK's leading commercial manufacturer.

This is because investors are much happier with the names in the sterling FRN market than in the dollar sector. UK building societies make up the bulk of the market, which has also seen issues for French banks and state agencies, and some UK banks. It comprises very few subordinated issues.

Meanwhile, the sovereign FRN

National Bank of Hungary, on which it is the sole dealer.

Of deals seen up, Crédit Suisse First Boston completed a £150m five-year facility - £125m of which was committed - for London International Group, the UK's leading commercial manufacturer.

This is because investors are much happier with the names in the sterling FRN market than in the dollar sector. UK building societies make up the bulk of the market, which has also seen issues for French banks and state agencies, and some UK banks. It comprises very few subordinated issues.

Meanwhile, the sovereign FRN

All these securities having been sold, this announcement appears as a matter of record only.

March 1988

Shin-Etsu Chemical Co., Ltd.

U.S.\$100,000,000

4½ PER CENT. NOTES DUE 1993 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF SHIN-ETSU CHEMICAL CO., LTD.

ISSUE PRICE 100 PER CENT.

The Nikko Securities Co., (Europe) Ltd.

Mitsubishi Finance International Limited

LTCB International Limited

Barclays de Zoete Wedd Limited

BNP Capital Markets Limited

Credit Commercial de France

DKB International Limited

Robert Fleming & Co. Limited

Kleinwort Benson Limited

Morgan Grenfell & Co. Limited

Ryoko Securities (HK) Limited

Union Bank of Switzerland (Securities) Limited

Yamaichi International (Europe) Limited

Algemene Bank Nederland N.V.

Baring Brothers & Co., Limited

Citicorp Investment Bank Limited

Deutsche Bank Capital Markets Limited

Dresdner Bank Aktiengesellschaft

Goldman Sachs International Corp.

Lehman Brothers Hambrecht & Quigley

Morgan Stanley International

Société Générale

The Prudential Insurance Company of America and Prudential Funding Corporation

U.S. \$500,000,000 Revolving Credit Facility

Arranged by:

SBCI Swiss Bank Corporation Investment banking

Lead Managers:

Canadian Imperial Bank of Commerce

Union Bank of Switzerland

Swiss Bank Corporation

S. G. Warburg & Co. Ltd.

Westpac Banking Corporation

Managers:

Banca Commerciale Italiana

New York Branch

Banque Nationale de Paris

Barclays Bank PLC

Commerzbank Aktiengesellschaft

Credit Suisse

The Dai-Ichi Kangyo Bank, Limited

Deutsche Bank AG

The Industrial Bank of Japan,

Bindura Nickel boosted by prices rise

By Tony Hawkins in Harare

BINDURA NICKEL of Zimbabwe has announced a turnaround in its fortunes, largely attributable to the steep rise in nickel prices over the past nine months.

Bindura, owned by South Africa's Anglo American group, made an operating profit of \$25.5m (US\$15.1m) last year, compared with an operating loss of \$25.7m in 1986. This is despite an interim 1987 deficit of \$21.5m, at which stage the group announced plans to phase down operations at its four mines. This was swiftly followed, however, by a sharp upturn in nickel prices.

Earnings were boosted also by a rundown in stocks and a 15 per cent increase in sales volumes to 11,408 tonnes. However, interest charges left the company still with an overall loss of \$24.9m, although this was sharply reduced from the previous \$20.9m deficit.

In mid-1987, Bindura was engaged in serious talks with the Zimbabwe Government over a rescue package designed to keep the mine open. Last July, ANC announced that it was suspending all ore development and drilling, but the company was rescued by the nickel price recovery before an agreement could be reached with the Government on a financial support package.

Drilling and ore development has been resumed at all four mines. Bindura says it expects to return to profitability and reduce its losses during 1988, provided nickel prices hold up.

Last year, it reduced its debt to \$28.7m from more than \$29.10m, largely through the conversion of \$24.0m of loans into 10 per cent preference shares.

Kirin growth down to trickle

GROWTH AT Kirin Brewery, which makes more than half of all beer drunk in Japan, has slowed to a trickle, as competition intensifies, writes Our Financial Staff.

Pre-tax profits for the year to January edged up 1.9 per cent to ¥80.5bn (US\$28m) from ¥79.3bn after recent annual increases nearer 10 per cent. Sales were up 3.7 per cent to ¥1.368bn.

Setback at Bayerische Vereinsbank

By HAIG SIMONIAN in FRANKFURT

PARTIAL OPERATING profits at Bayerische Vereinsbank, the biggest bank in Bavaria, fell by 10.5 per cent at parent bank level, to DM165m (US\$63m) last year. Total operating profits, which were not disclosed but included gains from own-account trading, fell by about 20 per cent.

However, after-tax earnings at the bank were little changed, at DM181m, against DM163m in 1986, and it is paying a renewed DM18 dividend on ordinary shares. After-tax earnings for the group fell by just over DM40m, to

Bayerische Vereinsbank's results, which open this year's reporting season for big German banks, confirm the downward trend likely to be repeated across the board, owing to the need to write down securities holdings after the October crash.

However, the bank has actually reduced write-downs, to DM181m, against DM271m, thanks largely to much lower provisioning needs on the credit side. "We have done everything we could in recent years on the provisions side," said Mr Maximilian Hackl, the chief executive.

Procordia increases earnings by 51%

By SARA WEBB in STOCKHOLM

PROCORDIA, the Swedish state holding company which was partially privatised last summer, reported a 51 per cent increase in profits after financial items to SKr1.36bn (US\$27.8m) in 1987.

Profits were boosted chiefly by the improved performance of pharmaceuticals and publishing. Group sales rose by 6 per cent to SKr1.62bn, though taking comparable units into consideration, Procordia said the increase was 8 per cent.

The company is paying a dividend of SKr4.5 and expects profits for 1988 to show a further increase, helped by capital gains from the planned sale of Berol Kemi, its chemicals operations.

Operating profit for the consumer goods division, which includes food, drink and alcohol interests, slipped from SKr54m to SKr36m, with profits from the food division held in check by the price freeze in Sweden last year and the increased cost of importing raw goods.

The pharmaceutical division increased operating profit from SKr1.5m to SKr30m, helped by increased cost-cutting measures.

Operating profits in the services division more than doubled, from SKr42m to SKr111m, boosted by the turnaround at Berol, the group's publishing company. However, the increase was dragged down by hotel

operations, which suffered heavy costs due to expansion overseas.

The group paid extraordinary costs of SKr247m because of restructuring in its engineering division.

• **Esselte**, the Swedish office supplies group, reported a 12 per cent increase in profits, after net interest expense, to SKr83m for 1987, while sales rose by 14 per cent to SKr12.97bn. The board proposed raising the dividend from SKr1 to SKr1.5.

The group expected sales and profits to increase by about 10 per cent in 1988. While it expressed caution about market conditions for the full year, it said that demand during the first

The relatively small decline in the bank's earnings also reflected the strength of its thriving mortgage-lending business, especially in Bavaria. All three mortgage-lending subsidiaries raised their profits last year.

Last year's 5.1 per cent

increase in management costs was the main culprit behind the fall in profits. In particular, the bank took on more than 700 employees. The increase was expected and the new staff would soon be paying their way, according to Mr Dietrich Koellhofer, a member of the managing board.

Earnings were also slightly depressed by the setback at Simbion, a Düsseldorf-based subsidiary, which was unable to pay a dividend for last year.

Overall, Bayerische Vereinsbank's interest income rose marginally, to DM1.42bn, against DM1.3bn, thanks to higher business volume, which more than offset slightly narrower margins.

Fee-related earnings also rose slightly, to DM324m, against DM315m in 1986, while total group assets increased by DM9.5m to almost DM150m.

Japan relaxes rules on cash options trading

By CLARE PEARSON

THE JAPANESE Ministry of Finance will allow, from tomorrow, cash options trading in overseas markets by certain types of financial institutions operating in Japan using their own accounts, Bander reports from Tokyo.

The ministry said it would allow cash options trading in currencies, deposits, bonds, stocks and stock indices listed on overseas securities exchanges.

The 332 institutions which will be given varying new trading privileges are those foreign exchange banks which have correspondent agreements with foreign banks, selected securities firms, both life and non-life insurance companies, and investment trust firms.

Trust banks will also be allowed to trade cash options in foreign markets using their trust accounts, though such accounts

should not be managed by the trust account owners themselves, a MoF official said.

Foreign exchange banks have been given the exclusive right to trade cash currencies options, while securities houses will be the only institutions able to trade cash stock options and cash stock index options.

Life and non-life insurance companies will be allowed to trade interest rate and bond cash options and investment trust companies.

The divisions were based on the January agreement between the banking, securities and international finance bureaus of the MoF on liberalising futures and cash options trading.

The new measures follow earlier steps to liberalise overseas trading of futures and futures options last May.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Avg. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Zembla Corp.†	50	1992	5	(4.4)	100	Nomura Int.	
Ferrari State†	500	1993	5	8½	101½	J.P. Morgan Secs.	8.154
Fiji Sugar Industries†	150	1993	5	(4.5)	100	Salvo Europe	
†	140	1993	5	(4.4)	100	Nomura Int.	
Watson Metal†	50	1993	5	(4.4)	100	Salvo Europe	8.769
British Gas Finance†	280	1995	15	8½	99½	Goldman Sachs	9.500
British Gas Finance†	280	2012	30	9½	100	Goldman Sachs	9.725
Finlandia†	200	2028	40	9½	99	Morgan Stanley	

AUSTRALIAN DOLLARS

CCF Australia†	60	1992	4	12½	101½	Nambro Bank	12.213
WestLB Int.†	70	1992	4½	12½	101½	WestLB	11.987
WestLB Int.†	50	1993	5	12½	101½	WestLB	11.983
IPC†	60	1993	5	12½	101½	Nambro Bank	12.083

CANADIAN DOLLARS

EDC†	100	1993	5	9½	101½	Wool Gandy	8.989
Gen. Electric Cap. Canada†	150	1993	5	9½	101½	Dominion Secs.	9.209
McDonald's Corp.†	75	1993	5	9½	101½	J.P. Morgan Secs.	9.237
CIBC (Soc. Financ.)†	100	1992	5	9½	101½	CIBC	8.932
Estimex Financ.†	150	1993	2	9½	101½	McLennan Lynch	9.676
Transamerica Bank†	75	1993	7	10	101½	UBS Secs.	9.576
Caisse Centrale†	100	1993	5	10	101½	Deutsche Bk Cap Mitt	9.620
Michelin B.V.†	100	1993	7	10	101½	BTI	9.199
Kreditbank Linz.†	50	1992	4	9½	101½		

D-MARKS

National Westminster BK†	300	1998	10	6	100½	WestLB	5.946
Amsterdam-Rotterdam BK†	300	1998	10	6½	100½	Deutsche Bank	5.440
BNI & Nat'l. Bank Algiers†	150	1994	6	5½	101	Deutsche Bank	6.250
Nomura Secs.†	100	1993	5	(1½)	100	Nomura Europe	
Sec. Gen. Bk Nederland†	150	1993	5	5½	100½	Sec. Gen. Elsässische	4.828
Deutsche Bank Finance NV†	500	1993	5	5½	101	Deutsche Bank	4.770

SWISS FRANCS

Swiss Kredit Co. (Soc. Financ.)†	30	1993	-	5	100	UHC Corp Inv. Bank	6.025
Levi Permanent B.Soc. Financ.†	200	1993	-	4½	101	UBS	5.359
ON & Natural Gas Com.†	150	1998	-	5½	100½	Credit Suisse	4.861
EDF†	150	2008	-	5	101½	SBC	3.777
Electricite De France†	100	1993	-	4	101	Kreditbank Schweiz	4.374
City of Copenhagen†	60	1998	-	4½	101	Kreditbank Schweiz	4.750
City of Copenhagen†	60	2003	-	4½	101	Kreditbank Schweiz	3.080
Nordic Inv. Bk Helsinki†	150	1995	-	3	100	Merrill Lynch	4.432
Transcanada Pipelines†	150	1993	-	4½	99½	UBS	

ECU

Credit Local De France†	100	1993	5	7½	101½	CCF	7.133
<tbl_info cols="

Bron
ansion

ITALY'S NATIONAL airline, Alitalia, will soon be entering its sixth, highly-disruptive month of labour unrest. Strikes over new contracts started at the beginning of October and since then the company has been accumulating an unprecedented level of expertise in coping with crisis.

Management skills have been brought to a fine pitch in the autumn and winter by events which have seen all categories of employee locked in conflict with the company. "No other airline can claim experience like Alitalia in dealing with disruption," remarks Ferruccio Pavolini, executive vice president.

Pavolini considers that the company's performance provides evidence that disservice can be managed efficiently. "Airline management is complicated even when conditions are normal. There are many factors which impinge on the production process," says Pavolini, giving as examples the weather, technical difficulties and labour unrest outside the airline itself.

However, conditions at present are far from normal. The strikes force Alitalia to cancel 65 flights out of its daily programme of 460. "There have been more than 500 stoppages of workshop staff and this has paralysed maintenance. The time taken for servicing has more than doubled," says Pavolini.

This has caused a large queue of aircraft to be grounded at Rome's Leonardo da Vinci airport. Alitalia has nine of its short and medium range fleet of 84 aircraft undergoing preventive maintenance when operations are normal. Currently there are 22 in the hangars or standing on the apron outside.

These figures illustrate how Alitalia's management is being able to soften the impact of the strikes on operations. Medium and short range aircraft fly a daily average of six legs, or flights. With an extra 15 aircraft grounded, Alitalia should be losing 78 flights each day. Instead the airline is restricting the damage to 65.

"It means operating without reserves," admits Mauro Sclesse, who reports to Pavolini and is responsible for operational co-ordination and programme management. Sclesse explains that Alitalia would normally have aircraft available as replacements for when technical difficulties occur, or to insert into the flight programme when delays have accumulated.

"By using reserve aircraft to avoid cancelling flights we accept the risk of reduced levels of punctuality," explains Sclesse. The policy has paid off so far. Pavolini reports that Alitalia is achieving 80 per cent punctuality on its international routes and 85 per cent on its domestic services.

Alitalia

Flying through turbulent times

David Lane explains how the airline has gained expertise in crisis management



During the current strike, maintenance of Alitalia's aircraft is being carried out by other airlines

"This is comparable to the other main European airlines and far better than US operators," he maintains.

Another policy decision taken by Alitalia's management has been to contract preventive maintenance to other airlines. "None of our intercontinental flights has been cut. This is because all servicing of Boeing 747 aircraft is being undertaken abroad by Lufthansa, Air France and Varig. The West German aerospace company MBB and Iberia are helping to service our DC-10 fleet," says Pavolini.

"Of course, it costs more to pay others for maintenance. But we consider that it is better to accept the additional expense than cancel flights. It is less a question of economics than of image." Pavolini explains that the airline's strategy during the past five months has been to minimize the effect of the strikes on users.

Where necessity and possibility have coincided, Alitalia has leased aircraft for cargo flights and for certain legs of its international passenger network. "We prefer wet leases (where pilots and crew are provided with the aircraft) to avoid difficulties with staff," says Sclesse.

Indeed Sclesse ranks relations with air-crew as a priority second

strikes by other air transport workers air traffic controllers, airport firemen, customs, handlers and oil companies. "It is rather like a chess game. Imagination is needed," says Sclesse.

However, some rules can be set which reduce the need for brain-stretching exercises. "In these conditions we have opted for a first-in-first-out system. The first aircraft to arrive is the first to leave," he says. And Alitalia is computerising its aircraft resource schedule. This will not only reduce the human workload but will also place the airline in the forefront with this type of information system.

Behind the day-to-day co-ordination group there is an operations planning group involving all Alitalia's line activities from sales and marketing to airport operations and maintenance.

This meets every Monday to review the seasonal programme. Though the current season runs until the end of March, the group is already taking account of factors which will affect operations during the next period.

The fixed programme of cuts was decided by the operations planning group. Sudden cancellation of flights due to low passenger numbers, a practice widely adopted by airlines during the oil crises, is not occurring at Alitalia. "If a planned flight has no passengers, then the aircraft flies empty," claims Pavolini.

"Cuts have been based on the criterion that passengers should be penalised as little as possible. This means to be especially careful in the way they deal with flights in this period. Often, several variations may have to be written into flight plans, like change of aircraft, flyover, switches in routing or destination or modification to rescheduling programmes," says Pavolini.

Alitalia has paid particular attention to keeping passengers informed," he says. Indeed, during this long-running crisis, Italy's airports have been less troubled by hiccups of discontented travellers than might have been expected.

Pavolini regrets that the results achieved by the airline over recent years are being jeopardised. "It is very stressful that our efforts to improve Alitalia's image and increase traffic are being nullified," he says. He is hopeful, however, that there will be a return to normal working in time to benefit from the April to October season.

Nevertheless, clearing the maintenance backlog alone will take at least a month. Italian flair and managerial skills will be needed for Alitalia's recovery.

The airline has separate labour contracts for pilots, ground staff, cabin staff and flight engineers. Moreover, different trade unions are involved in each category. Further complications arise from the department's workload.

The airline has separate labour contracts for pilots, ground staff, cabin staff and flight engineers. Moreover, different trade unions are involved in each category.

Indeed Sclesse ranks relations with air-crew as a priority second

Managers of the future

Masters of a changing environment

Michael Skapinker reports on the findings of a Europe-wide survey

DO YOU SHOWER your employees with "tough love"?

You should, according to a report published today by Ashridge Management College and the Foundation for Management Education.

The term "tough love" was used by one of the chief executives interviewed for the report. He used it to describe the combination of hard-nosed business sense and regard for one's employees that he saw as being essential to future business success.

The report, based on interviews with companies in Britain, France, West Germany, Sweden and Norway, attempted to identify the characteristics of the successful organisations and managers of the future.

The companies surveyed were chosen on the basis of their successful performance and because they were regarded as examples of innovative management practice.

They included the French hotel group Accor, the Swedish house-hold appliances company Electrolux, the Norwegian computer company Norsk Data and the German motor manufacturer BMW. British companies interviewed included Shell UK, ICI, Jaguar and the Burton Group.

The companies had a clear idea of what the successful organisations of the 1990s and the 21st century would look like. They would be flexible and decentralised, they said, while still maintaining a strong overall corporate identity.

They would be close to their customers. Norsk Data, for example, said that it would recruit larger numbers of people from the industries to which it hoped to sell its products.

The successful companies of the future would have an international perspective. Denys Henderson, the chief executive of ICI, said: "If we don't compete internationally, then we don't start. The world does not owe us a living. If we are not a large international business, then we cannot afford the large research effort that will sustain us in the future."

The organisations of the future would also achieve hierarchy and would encourage open communication. The Scandinavian companies surveyed already encouraged informality and openness.

At Norsk Data, "many of the employees to be seen at head office dress casually, often in

denim jeans," the report said. They meet frequently in the meeting areas dotted around each floor of the head office. These rooms reflect the "personalities" of each team and are lavishly furnished with kitchen facilities, designer sofas, armchairs, coffee tables, TV sets and magazines, and perhaps a piano. They provide a relaxed and congenial environment for brainstorming and are the focal point of much of the company's decision-making process.

Above all, successful organisations would know how to motivate their young managers. The companies surveyed said they thought financial incentives were an important means of motivating managers. On their own, however, they were not enough. The companies thought that what really motivated managers was the opportunity to take responsibility early in their careers.

Norsk Data, for example, tells its young managers: "To be really productive you must show initiative. Don't wait for information, go and get it!"

One young Norsk Data manager said that "when you come in here there is no structure. It is up to you to get on with it. I had to build a project group from scratch. It is totally up to you. Age is irrelevant. I have a job that in an American company would be given to a 55 year old."

"The difference between Norwegians and Americans is that Norwegians work to live, while Americans live to work. But you can turn potentially lazy people into hard workers if you give them a sense of responsibility and don't stand over them with a club."

With young managers having to take on greater responsibility, did the companies think that general management skills would have to be acquired at an earlier age than in the past?

The survey found that most of the organisations thought specialist skills would remain important. Electrolux said that the manager of the future "must have specialist skills to give him or her status in the organisation."

Shell UK said that managers must have demonstrated "ability to think in their own specialist area before adding on the relevant management disciplines."

Nevertheless, some, like ICI, said they were paying greater

attention to the development of general management skills.

What other qualities would the manager of the future need? Many of those interviewed thought that managers would have to acquire a better understanding of the world outside their company and industry.

They would need to appreciate how external political and economic factors could affect their business.

In companies like ICI and Shell UK, where environmental issues are important, managers would need to know what one of those interviewed called more "public awareness acumen."

A description of the ideal young manager of the future is all very well, of course. The question is, how do you develop them?

The report outlines four existing approaches to management development. It regards only the last of them as truly capable of producing the managers of the future.

The first approach is to do no training at all. As last year's report on management development by Professor Charles Handy made clear, this is by no means uncommon in British companies.

The second sort of management development is what the report calls the "fragmented approach". Here, training is linked to the company's goals. Nor is it seen as being important to the success of the organisation.

Participants are sent on training courses either as a reward for a job well done or simply because

they have not been on a course for some time. Managers are not encouraged to implement what they have learned when they return to their jobs.

The third category of management development is the "formalised approach". Companies which follow this approach make a greater effort to link training to individual needs. Employees' training requirements are identified during appraisal interviews. Companies which use this approach make a greater effort to ensure that employees get the opportunity to use what they have learned when they return to work.

The fourth category, the one which the report says companies need to adopt if they are going to be successful in years to come, is the "formalised approach".

Here, training is not just seen as a tool for the development of individual employees. It is regarded as a competitive weapon, "a necessity for organisational survival in a rapidly changing business environment".

In companies which follow the focused approach, learning is seen as an activity which goes on all the time. These companies do send their employees on outside courses. But they also encourage them to learn while they work - from their superiors, their colleagues and through distance learning packages.

A training manager at Accor said that "today, in our society, there is a fake belief that schools and colleges are the places for learning. In fact, what people must see is that learning takes place everywhere, everyday, for everybody."

The report said that this did not mean there was no place for business schools. Several of the companies thought business schools were still useful in helping managers to meet people outside their own organisation, to pick up new ideas and to gain formal, portable qualifications.

Many of the managers interviewed said, however, that business schools should tailor their courses to meet the needs of individual companies. A number of British business schools, including Ashridge and the International Management Centre from Buckingham, do already.

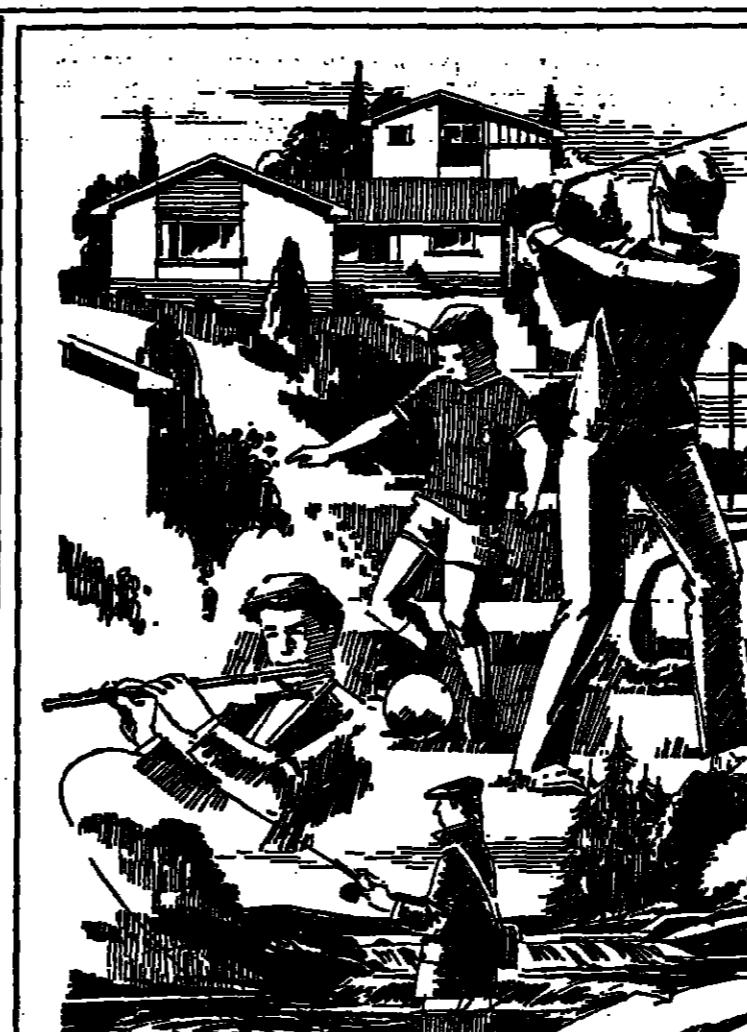
Management for the Future, available from Ashridge Management Research Group, Ashridge Management College, Berkhamsted, Herts, HP4 1NS, £20.

Do you need to say it with flowers thousands of times a day?

You do if you're reaching for the sky.

We're back for the sky.

In Thailand, people are passionate about flowers. But it is the orchid which reflects so much the gentle, charming ways of the Thai people. And this is shared with every passenger who flies on Thai. A gift of a fresh orchid corsage is just one of the features that's made Royal Orchid Service so famous. Thai. Centuries-old traditions. Innovative thinking. State-of-the-art technology.



MOVING OFFICE? CONSIDER GLENROTHES.

For further information, return the coupon to: John McCombie, Director of Development, Glenrothes Development Corporation, Balfour House, Glenrothes, Fife, Scotland KY7 6NR or telephone 0592-754343.

Name _____

Address _____

Post Code _____ Tel. _____



GLENROTHES
DEVELOPMENT CORPORATION

PT 210

مكتبة الأصل

Continued on next page

UNIT TRUST INFORMATION SERVICE

Financial Times Monday March 21 1988

UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

FOREIGN BONDS & RAILS

AMERICANS											
INT. BANK AND O'SEAS GOVT STERLING ISSUES						Index-Linked					
Five to Fifteen Years						(1) (2)					
Over Fifteen Years						Dividends					
Over Twenty Years						Stock					
Corporate Loans						FBI My Ag No					
Commonwealth & African Loans						Mgmt Laborated					
Loans						FBI My Ag No					
Financial						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					
Government Bonds						FBI My Ag No					

LONDON SHARE SERVICE

INSURANCES—Contd

Dividends	Stock	Price	last	div	yield	PE
Feb 1 My Adm	Northumbrian S.L.	110	105.00	1.00	0.91	10.8
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Mar 1 New	Asp. Adm	100	100.00	1.00	1.00	1.0
Dec 1 New	D.R.G. & Corp. S.L.	100	100.00	1.00	1.00	1.0
June 1 New	USLIFE Corp. S.L.	100	100.00	1.00	1.00	1.0
May 1 New	W.H. Friendy & Son	100	100.00	1.00	1.00	1.0
May 1 New	W.H. Friendy & Son	100	100.00	1.00	1.00	1.0
Mar 1 New	W.H. Friendy & Son	100	100.00	1.00	1.00	1.0

LEISURE

Dividends	Stock	Price	last	div	yield	PE
Jan 1 New	64.8. M Group 10%	100	100.00	1.00	1.00	1.0
January	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Oct 1 New	100	100.00	1.00	1.00	1.00	1.0
Sept 1 New	100	100.00	1.00	1.00	1.00	1.0
July 1 New	100	100.00	1.00	1.00	1.00	1.0
Oct 1 New	100	100.00	1.00	1.00	1.00	1.0
Dec 1 New	100	100.00	1.00	1.00	1.00	1.0
June 1 New	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Mar 1 New	100	100.00	1.00	1.00	1.00	1.0

PAPER, PRINTING,
ADVERTISING—Contd

Dividends	Stock	Price	last	div	yield	PE
Feb 1 New	Shire	110	105.00	1.00	0.91	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
May 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Oct 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Dec 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
June 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
May 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0

PROPERTY

Dividends	Stock	Price	last	div	yield	PE
Jan 1 New	67.8. M Group 10%	100	100.00	1.00	1.00	1.0
January	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Oct 1 New	100	100.00	1.00	1.00	1.00	1.0
Dec 1 New	100	100.00	1.00	1.00	1.00	1.0
June 1 New	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Mar 1 New	100	100.00	1.00	1.00	1.00	1.0

TEXTILES—Contd

Dividends	Stock	Price	last	div	yield	PE
Feb 1 New	Shire	110	105.00	1.00	0.91	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
May 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Oct 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Dec 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
June 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
May 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0

TOBACCO

Dividends	Stock	Price	last	div	yield	PE
Jan 1 New	67.8. M Group 10%	100	100.00	1.00	1.00	1.0
January	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Oct 1 New	100	100.00	1.00	1.00	1.00	1.0
Dec 1 New	100	100.00	1.00	1.00	1.00	1.0
June 1 New	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Mar 1 New	100	100.00	1.00	1.00	1.00	1.0

TRUSTS, FINANCE, LAND—Contd

Dividends	Stock	Price	last	div	yield	PE
Feb 1 New	Shire	110	105.00	1.00	0.91	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
May 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Oct 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Dec 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
June 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
May 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0
Mar 1 New	Trade Indemnity	375	375.00	1.00	0.27	1.0

TRUSTS, FINANCE, LAND

Dividends	Stock	Price	last	div	yield	PE
Jan 1 New	67.8. M Group 10%	100	100.00	1.00	1.00	1.0
January	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Oct 1 New	100	100.00	1.00	1.00	1.00	1.0
Dec 1 New	100	100.00	1.00	1.00	1.00	1.0
June 1 New	100	100.00	1.00	1.00	1.00	1.0
May 1 New	100	100.00	1.00	1.00	1.00	1.0
Mar 1 New	100	100.00	1.00	1.00	1.00	1.0

OIL AND GAS—Contd

Dividends	Stock	Price	last	div	yield	PE

<tbl_r cells="7" ix="2" maxcspan="1" maxrspan="1" usedcols

WORLD STOCK MARKETS

AUSTRIA									
1987-88	High	Low	March 18	Price	Buy	Sell	%	High	Low
2,410	1,810	1,610	Großkraft	2,005					
1,600	1,220	1,020	Industriewerke	1,205					
14,000	9,650	8,650	Intersil	10,500					
422	319	219	Jagdflieger	325					
167	125	92	Span-Österre	94					
1,113	555	355	Weltbank Med	670					
BELGIUM/ LUXEMBOURG									
1987-88	High	Low	March 18	Price	Buy	Sell	%	High	Low
3,465	2,270	2,000	B.S.L.	2,000					
16,000	12,700	11,200	Staples Gru Co. L.	12,000					
13,175	9,650	8,650	Stekers B	9,500					
6,669	4,770	3,650	Centex CBR	3,650					
175	117	87	Stora	117					
12,200	4,800	3,200	Colgate	7,000					
5,620	2,800	2,000	Deknat	4,100					
2,700	445	325	Edelweiss Mat	445					
1,450	750	550	Elbe Elekt	550					
4,250	3,200	2,500	Fluor	2,500					
1,350	900	600	Globe	600					
1,113	555	355	Heinkel	555					
DENMARK/ SWEDEN									
1987-88	High	Low	March 18	Price	Buy	Sell	%	High	Low
2,410	2,270	2,000	Staples Gru Co. L.	2,000					
16,000	12,700	11,200	Stekers B	9,500					
13,175	9,650	8,650	Centex CBR	3,650					
6,669	4,770	3,650	Stora	117					
12,200	4,800	3,200	Colgate	7,000					
5,620	2,800	2,000	Deknat	4,100					
2,700	445	325	Edelweiss Mat	445					
1,450	750	550	Elbe Elekt	550					
4,250	3,200	2,500	Fluor	2,500					
1,350	900	600	Globe	600					
1,113	555	355	Heinkel	555					
FRANCE									
1987-88	High	Low	March 18	Price	Buy	Sell	%	High	Low
3,055	2,020	1,820	Club Medtronic	2,130					
740	522	422	Conseil Gén	522					
211	157	113	Créfin de Sout	125					
247	270	205	Cortef	175					
1,000	750	550	Couche-Tard	1,113					
205	150	113	Credit Agricole	150					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					
1,260	820	620	Credit Suisse	1,113					
250	200	150	Credit Suisse	250					
1,260	820	620	Credit Suisse	1,113					
247	270	205	Credit Suisse	1,113					</

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, March 13.

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES Closing prices, March 18

12 Month

High

Low

Stock

Div.

Yield

P/E

S/B

RS

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

Low

Close Price

Close Change

Div. P/B

Div. Yield

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound expected to stay strong and UK trade balance to improve

BY COLIN WILLIAMS

STERLING MAY continue to dominate attention on the foreign exchanges this week.

The UK Budget and a surprising cut in bank base rates put the spotlight on the pound last week. Recent comments by the Prime Minister and the Chancellor stressed the importance of keeping inflation under control, and lower base rates do not appear to fit in with this philosophy.

The City assumes the Chancellor was still worried about a loss of competitiveness from a rising exchange rate, as the pound attacked DM3.10, to feel justified in engineering a rate cut.

It was also seen as a move to reassure the Chancellor's control over monetary policy, following pre-Budget press comments about a disagreement between Mr Lawson and Mrs Thatcher on

whether upward pressure on the pound should be controlled through lower interest rates.

Mr Marc Hendriks, chief economist at Barings Economics Unit, says he believes another cut in base rates is possible if sterling continues to rise. He added that DM3.15 seems to be a level where the authorities might be sufficiently concerned to send further signals to the market.

Mr Mark Cline, economist at Nomura Research Institute also sees the possibility of another cut in interest rates, while Mr Stephen Hanahan, economist at County NatWest, does not rule out a reduction.

The pound's reversal on Friday was generally regarded as temporary, and based on profit taking. Upward pressure could build again very quickly, according to Mr Hendriks.

There should be little to move sterling in the early part of the week, as the market waits for Friday, when figures on UK trade and inflation will be published.

City economists expect an improvement from the record an \$1.5bn visible trade deficit and \$905 current account shortfall in January. It would also not be considered surprising if January's figures are revised down.

Forecasts tend to depend on how high a level of distortion economists believe was in the January deficit.

Barings and County NatWest are prepared to accept that the level of exports was artificially low to the Common Market in January, and that there was a marked improvement in February.

Barings forecasts a visible deficit of \$600m and a flat current

account. County NatWest sees a visible deficit of \$700m and a current account deficit of \$100m.

Nomura finds the trade figures hard to forecast and thinks they will also be difficult to interpret.

A visible deficit of \$900m is

looked for, and a current account shortfall of \$300m.

Greenwell Montagu Research

suggests there may be an upward move in the UK invisible surplus to \$700m, and after forecasting a visible deficit of \$1bn, also believes the current account deficit will be \$300m.

Forecasts from Warburg Securities; Kleinwort Grieveson Securities; and Morgan Grenfell are all just over £1bn for the visible

deficit and around £500m for the current account shortfall.

After the recent comments from officials on inflation, Friday's publication of the retail prices index for February will also be watched carefully. A monthly rise of 0.3 p.c. but a fall in the year-on-year inflation rate to 3.2 p.c. from 3.3 p.c., have been widely forecast.

£ IN NEW YORK

Mar. 18	Close	Previous Close
1-Year	1.0500	1.0225
2-Years	1.0500	1.0340
3 months	1.0500	1.0375
12 months	1.0500	1.0325

Forward premium and discount apply to the US dollar

STERLING INDEX

Mar. 18	Close	Previous Close
7.35	7.74	7.75
9.00	7.74	7.75
10.00	7.72	7.75
11.00	7.70	7.74
12.00	7.68	7.74
13.00	7.70	7.74
14.00	7.70	7.74
15.00	7.69	7.75
16.00	7.69	7.75
17.00	7.69	7.74

Change for Ed. (hereinafter positive change denotes a week's change)

Adjustment calculated by Financial Times

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu	central	Currency	% change	Price	% change	Price	Price
1-Year	42.4562	43.2523	1.0142	+0.04	1.0234	+0.03	1.0234	1.0234
2-Years	42.4562	43.2523	1.0142	+0.04	1.0234	+0.03	1.0234	1.0234
3 months	42.4562	43.2523	1.0142	+0.04	1.0234	+0.03	1.0234	1.0234
12 months	42.4562	43.2523	1.0142	+0.04	1.0234	+0.03	1.0234	1.0234

Forward premium and discount apply to the US dollar

Change for Ed. (hereinafter positive change denotes a week's change)

Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Mar. 18	Day's spread	Cash	One month	2 months	3 months	4 months	5 months	6 months
US	1.2740 - 1.2802	1.2820	1.2820	1.2820	1.2820	1.2820	1.2820	1.2820
Canada	1.2740 - 1.2844	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740
Australia	1.18 - 1.1877	1.1877	1.1877	1.1877	1.1877	1.1877	1.1877	1.1877
New Zealand	1.18 - 1.1877	1.1877	1.1877	1.1877	1.1877	1.1877	1.1877	1.1877
Denmark	1.25 - 1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575
Portugal	1.25 - 1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575
Spain	1.25 - 1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575
Belgium	1.25 - 1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575
Switzerland	1.25 - 1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575	1.2575

Belgian franc is convertible franc. French franc is DM3.44/4.65. 6-month forward date 1.41-1.50. 12-month

12-month forward date 1.41-1.50

12-month forward date 1.41-1.50</p

Financial Times Monday March 21 1988

SECTION III

FINANCIAL TIMES SURVEY

ED Major changes are taking place in the structure, technique and technology of the express industry, which continues to set records for growth.

Kevin Brown argues that the movement towards European integration is bound to give an impetus to express traffic

The European impetus

THE COURIER and express industry had a bit of luck recently when the UK's Post Office workers threatened to go on strike, ensuring massive publicity for the "alternative" services of some of the private companies.

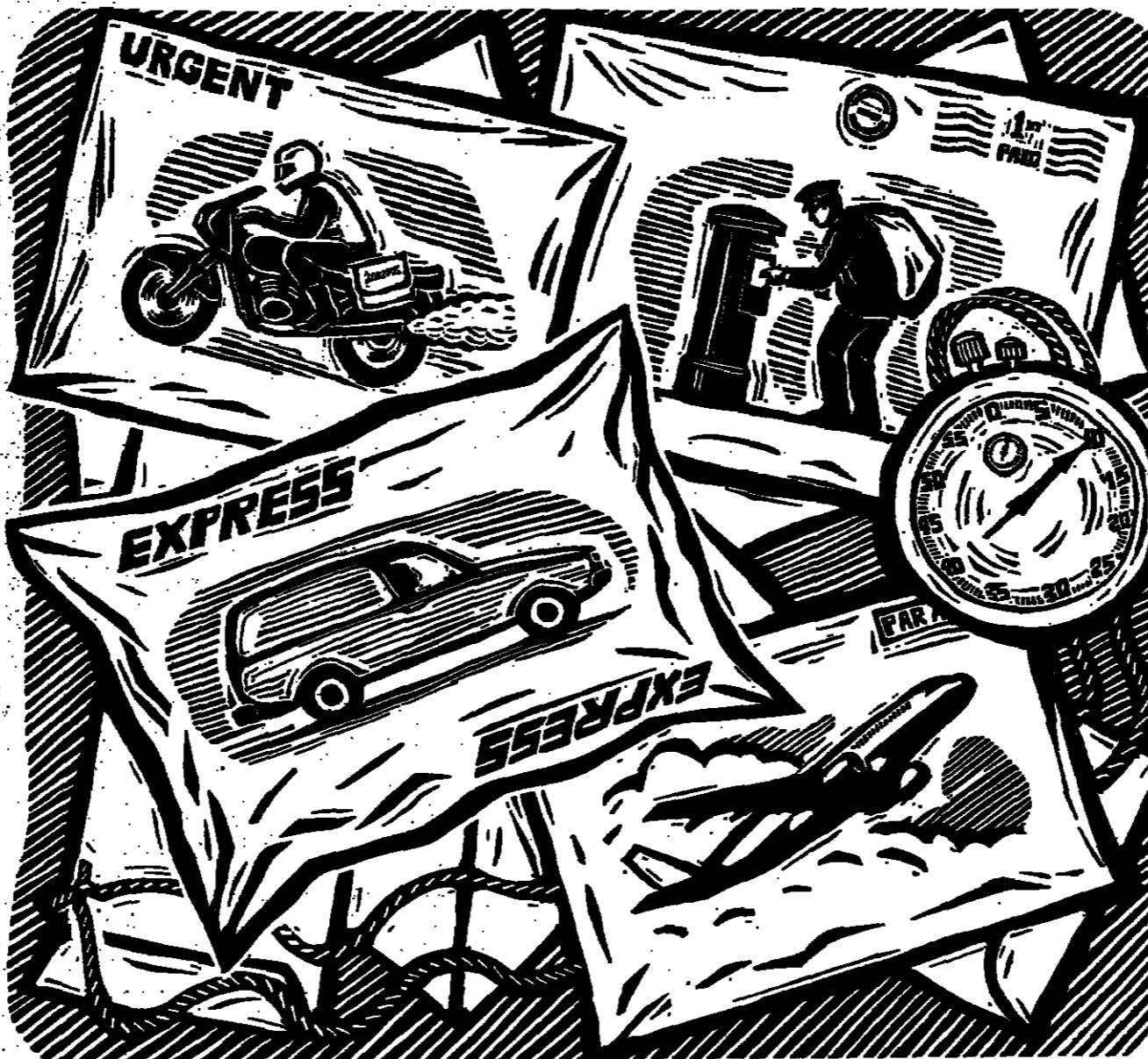
Fortunately for the industry, the strike was called off at the 11th hour, so that the rash claims of some companies that they could replace the Post Office were never put to the test.

For an industry which depends for its continued growth on high profile publicity and increasing public awareness, the threatened strike was a godsend. Best of all, it did not cost anything, since most of the coverage counted as news.

In fact, of course, it was all largely a sham, since even the biggest companies had neither the capacity nor the financial resources to handle the huge volumes of overnight mail carried by the Post Office.

Mr Peter Towle, chief executive of Securicor Express, put it bluntly when he pointed out that even if all the private companies' resources were combined, they would still be unable to match the Post Office system.

The Government is believed to



John Banister

Courier and Express Services

account for over 70 per cent of the market.

Major changes are taking place in the structure, techniques and technology of the express industry, as it begins to mature in Europe and as new competitors seek to win a slice of the action.

This trend has been particularly marked in the development of a three-tier system of same-day, overnight/next day, and two to three-day services.

Most attention remains on the overnight market, which operators see as offering the greatest growth potential and services are being refined by the introduction of options ranging from any day to specific times tailored to individual requirements.

An increasing number of

same-day services are being offered, however, in addition to the front-runner in this field, the British Rail Red Star operation.

Private companies such as TNT have moved into the market, and the stakes are being increased on all sides by the use of aircraft for trunking services.

At the slower end of the market, the two to three-day services are settling down into a reliable option for the customer who wants delivery faster than the four to five days offered by non-express companies, but does not want to pay the premium for overnight delivery.

A greater divergence is emerging in technique, as some operators persist with the hub and spokes systems which proved so

successful for the pioneer US express carriers, and others experiment with other systems.

Most of the big UK operators - FedEx, TNT, Parcelfax, Interlink and others - have hubs of varying sizes and capacity, and most say their operations would be impossible without them.

On a European scale, Brussels has emerged as the favourite hub location, and Express Mail Services, the joint company handling the express business of 12 national post offices, recently set up its European hub there alongside DHL, FedEx, Pandialink, Securicor and TNT.

The principal company operating without a hub is Securicor Express, which has 12 sorting centres for its UK distribution

operation, linked by overnight road trunking.

Securicor Express says the size of its operation would preclude the use of a hub, though this is at odds with the experience of much larger US operations.

The principle of hubless operations has been extended to AerSecuricor, a joint company set up in the month by Securicor and Aer Lingus, the Irish airline.

AerSecuricor was formed to offer Securicor an air link between its existing ground operations in Europe without the cost of investing in its own aircraft, and to give Aer Lingus access to cargo volumes, particularly for its fleet of Boeing 737 Combi aircraft.

The joint company is the first

CONTENTS

Customs: checks hold back carriers' growth
Overnight deliveries: and on the next day the parcel was there 2
Worldwide services: plenty to go for in Nigeria and Far East 3
Fax: a threat and an opportunity 3
Post Office: fast movers stay ahead 4
Reliability: a bit more slowly could fit the bill 4

Airmail revolution: scent of victory 5
Air cargo: forwarders may be left behind 5
Airlines: sky-high attractions of door-to-door 6
Emery says life after debt 7
Securicor: venture with Aer Lingus TNT going for Post Office jugular 7
UK-Europe services: when Continent will be almost like home 8
Sorting centres: hubs of activity 8

there is increasing interest in the Europe/Far East market, caused partly by attempts by Japanese and Korean exporters to diversify away from overdependence on US markets.

Other markets which are rapidly increasing in size and importance include the Middle East and Nigeria, where IML of the UK offers next-day delivery from London to Lagos and several other large cities.

This expansion into new geographical markets may stand the express companies in good stead as they come under pressure from electronic data transmission services.

So far, this threat has been more feared than actual, and operators have found that while most customers will turn to electronic transmission for a few sheets of paper, they usually stick to express transport for longer documents.

TNT Skypak, for instance, says it has recorded an increase of 25 per cent in worldwide document traffic in the last year, despite predictions that there would be a decline because of electronic competition.

For some of the big operators, electronic transmission also offers an opportunity to develop an alternative method of linking ground distribution networks.

This route has been pioneered by the UK Post Office, which offers a service known as Intelpost, through which documents can be transmitted to post offices in around 30 countries, and then delivered by messenger.

Several private companies have also experimented with electronic products, notably the Satellite Express service offered by DHL, which is designed to handle drawings and photographs as well as written text.

There have been some casualties, however, including the spectacular collapse of the Zappmail operation set up by Federal Express, which was closed two years ago after losing several hundred million dollars.

The industry also has problems in dealing with the world's customs services, largely because of delays in processing caused by rules drawn up before express deliveries were invented.

At the end of the day, however, it remains true that the problems facing the express industry are principally those of success.

Announcing the biggest thing in parcels since Cleopatra.

£5 FOR 5 KILOS

STIRLING
GUARANTEED NEXT-DAY DELIVERY ANYWHERE IN THE UK
8 REGIONAL DEPOTS
230 LOCAL DEPOTS
3,500 VEHICLES
1,500,000 SQ. FEET OF STORAGE

WHEN YOU CALL, WE COLLECT, WE CARRY, YOU CONNECT.

CONNECT UK
The Parcel People

Connect UK, Connect House, Great South West Road, Feltham, Middlesex TW14 8LX. Telephone: 01-890 4433. Facsimile: 01-890 9785.

Here's an end to all your parcel distribution worries - Connect UK.

With a service for businesses, which guarantees next-day delivery anywhere in the country for just £5 for 5 kilos, Connect UK are big news, without the prices to match.

Our name might be new, but by bonding together over 200 established haulage operators, we give you the best in friendly, local service.

By linking them through our unique computer network, we give you the best in reliability and control nationwide.

With central control based at Heathrow and 8 regional centres managing 230 local depots, a fleet of around 3,500 vehicles and over 1.5m square feet of storage space, the news gets bigger and better.

Not only do we help you cut your distribution costs, we even pay for the phone call.

To arrange a local collection, freecall us today on 0800 23 4000.

Or, to find out more about the biggest thing in parcels since Cleopatra was wrapped up in a carpet, write to our Marketing Department, Section FT. And we'll show you how to stop your distribution needs from turning into a pain in the ass.

EXPRESS SERVICES 2

INTERNATIONAL express delivery poses a serious problem for the world's customs services, which operate largely on the basis of regulations drawn up before the industry was invented.

The difficulty arises principally because of the rapid increase in international express deliveries, which are estimated to have grown from around 5m packages in 1980 to some 40m last year.

This has created an international business worth some \$4bn a year, on top of around \$15bn in domestic markets. But it has also led to friction between the customs authorities and the companies.

The crux of the problem is that the regulations which govern international consignments were not designed to facilitate rapid delivery across national boundaries.

A delay of one or two days while documents are sorted out is irritating enough for the ordinary shipper. But it is critical to the express industry, which is selling speed above all else.

Customs authorities have responded to the rapid growth of the industry in a number of ways, such as rapid baggage clearance for courier traffic at Heathrow Airport and simpler procedures for low value shipments to the US.

Some customs administrations have also assigned inspectors to the processing and despatch centres, known as "hubs," established by some express operators in Europe and the US.

THE TERM express service is now increasingly taken to mean an overnight/next day delivery, at least as far as the UK domestic and intra-European markets are concerned. At the same time, interest is growing in the use of same-day services in both sectors.

The pace of development and growth in the overall courier-express industry over the last few years has been such that both users and operators still tend to put a variety of interpretations on the word express. Most agree, though, that the description implies a service offering faster delivery of freight than normal, usually on a door-to-door basis at all-inclusive rates.

Recent research suggests that users of domestic freight services increasingly believe overnight/next-day delivery to be the key difference between express and ordinary services. Mr Martin Kenny, managing director for UK-based research company Triangle Trends which has carried out a number of surveys on the express industry, says there has been a noticeable change over the last couple of years in people's perception of express services compared to normal freight transport operations.

Customs

Checks holding back the carriers' growth

In addition, consignment parcels sent by the express divisions of national post offices are treated by the customs as mail, which brings them under a separate regulation and reduces transit times.

Predictably, this special treatment for post office services is resented by private companies, which claim it represents anti-competitive discrimination by the supposedly neutral customs

The private and public operations have begun to close ranks recently, however, recognising that their interests lie in presenting a united front to the customs services in pursuit of greater concessions.

The carriers argue that improvements to the system made by the customs authorities are insufficient, and claim that there is little international harmonisation, so that the rules vary from one country to another.

These claims were given support by a survey carried out for the International Express Council

ers' Conference, the body representing the major carriers, by Peat Marwick McLintock, the accountancy firm. The survey indicated that:

• express consignments are being held up by slow handling, which is restricting the carriers' efficiency and restraining growth;

• governments are losing revenue because customs services are too hard pressed to assess duty properly on the increasing flow of packages;

The IECC says the survey shows that even customs authorities themselves could not properly administer the regulations.

Some progress towards speeding up the regime was made in June, at the annual meeting of the Customs Co-operation Council, the United Nations agency which represents 98 of the world's customs authorities.

The council agreed to a series of guidelines designed to harmonise the procedures of individual customs administrations and encourage greater use of comput-

ers and electronic transfer of information.

Among other things, customs authorities are encouraged to provide 24-hour services where there is a demand, and to operate at the point of entry/exit to speed up processing operations at hubs.

The guidelines have only advisory status, however, and will be reviewed at the next annual meeting in Brussels in June. The experiment will continue only if the directors of the 98 member authorities are satisfied that they are working properly.

Meanwhile, the terms of an accompanying memorandum of understanding between the council and the operators have only recently been agreed, some nine months after it was approved in principle.

This document, described by one of the operators as a "gentlemen's agreement," is largely concerned with preventing the use of express services for drug smuggling, and could obviate the lengthy checks carried out in some countries.

Both operators and customs

authorities say the guidelines have made little difference to the treatment of express services so far, although the US has published amendments to its regulations which could take effect later this year.

US customs officials have shown the greatest enthusiasm for radical change in the regime, perhaps because of the long domestic experience of the big express operators, such as Federal Express, DHL and Emery.

There has been less enthusiasm in Europe, largely because customs authorities say they can already deal with consignments quickly.

Officials say express deliveries can be dealt with satisfactorily under the special arrangements developed for perishable consignments such as fresh flowers, fruit and vegetables.

This is contested by the express companies, which say the existing regulations will eventually prove incapable of handling the sheer bulk and variety of their shipments.

Their arguments have been largely accepted within the Brussels-based Secretariat of the Council, which is believed to have been in broad sympathy with proposals in a document produced by the IECC known as the Blue Book.

The essence of the Blue Book proposals was that attempts to speed up existing regulations were bound to fail in the long run, and that express services



Eagle Trust, the publicly-quoted industrial management company, has just taken over Connect UK, which offers a guaranteed next-day parcels delivery service starting at 25 for 5kg.

last few months, for example, Post Office organisation Datapost has introduced timetabled same-day delivery services between the London area and Amsterdam, Paris and Dublin, while courier company TNT Skypak has started similar document delivery services linking the London area with Brussels, Zurich, Frankfurt, Amsterdam, Paris and Dublin. Both send traffic via scheduled airline services.

It is hard to quantify the future demand for intra-European same-day deliveries but express companies claim that within the European Community there should be considerable scope for developing products very much along the lines of those now established for domestic traffic.

"I don't feel that same-day services come into the same category as overnight or two/three day services. If people want something delivered the same day then it definitely is a top

Some large companies have moved on from simple next-day services to timed options, such as before 9am, before 10.30am and before noon

order collection up to midday for delivery before the close of that working day," claims Mr Mike Bonner, marketing manager for Red Star. Similarly, City Link now uses domestic air services, including BA shuttles and the regular flights of carriers British Midland and Brymon as well as the railways for its nationwide same-day operations.

"On the same-day side, we possibly use air links more now than ever before. The main services are door-to-door. Very few customers deliver in although some ask for the facility whereby the consignment collects from the station," says Mr David Kennedy, joint deputy managing director for City Link.

Now attention is beginning to focus on similar possibilities for intra-European traffic. Within the priority job; the items involved have got to be there that day, there is no option about it," comments Mr Kennedy of City Link.

Another development which could open up new opportunities for the European same-day services, according to Red Star, is the planned Channel Tunnel. Mr Bonner says current thinking envisages accommodation being provided for parcels on both day-time and overnight trains.

"The idea is that for overnight services, parcels vehicles will initially be attached to the back of the train, although within a few months of the opening of the tunnel we would expect to be running our own parcels trains. Space will also be made available for parcels on daytime trains to cater for same-day services," he says.

Philip Hastings

Overnight deliveries

And on the next day, the parcel was there

pared with normal freight transport operations.

Initially, the most commonly perceived difference between the two was that express services were "faster," with "overnight/next-day" the number two description. Now, "overnight/next-day" is perceived as the more different. That suggests users are becoming more knowledgeable about the express industry and that express companies are getting over the idea of overnight/next-day services, says Mr Kenny.

Certainly, most operators see the next-day delivery market as offering the greatest potential for

growth. One of the fastest-growing companies in the UK domestic parcels market over the last couple of years, Interlink Express, concentrates solely on overnight services and newcomer Connect UK, which plans to promote in the next few weeks a delivery system based on the use of some 250 independent haulage companies around the UK, also has its eyes set firmly on the next-day market.

Some of the largest express companies have also moved on from simply providing next-day services to offering specific timed delivery options such as before 9am, before 10.30am and before

noon. Federal Express and TNT Express, for instance, already offer around a dozen next-day guaranteed service options ranging from simple next-day delivery through specific times to personal delivery to a named individual.

Among the many other UK parcel operators building up their next-day delivery operations is Sector Express which is currently expanding its already established next-day before 9am delivery service. Swiftly, to include other times such as before noon, all under the marketing name Night Owl. Similarly, Lynx Express Delivery Net-

work is this year heavily promoting its 9am next-day service. The company claims that 85 per cent of its new traffic over the last nine months has come from the guaranteed services sector. Meanwhile, rail-based express operator Red Star plans to add a before 10.30am service to join its already-established before 9am and before noon deliveries.

The move towards overnight, timed, next-day delivery services, is also increasingly being reflected among the second-tier express operators. A good example is Carryfast which over the last year or so has quite noticeably changed direction to concentrate more on building up overnight delivery traffic. Mr Tony McClellan, Carryfast director, says that 18 months ago the company's overnight business was minimal. Now it makes up to 50 per cent of its traffic.

"We are certainly thinking now about going more towards timed, deliveries before 9am, before 10.30am and so on. We already offer a timed delivery before noon and we will be looking to sharpen that up," he adds.

But, if the research is to be believed, the big demand from customers when choosing next-day express service options appears to be very much for before noon delivery. Before noon next-day delivery has maintained its position as the most important criterion when selecting a service. Almost equal second are before 9am and same-day delivery

before noon.

But

the

EXPRESS SERVICES 3

THE RECENT dramatic expansion of courier/express operations in North America and Europe has tended to overshadow the substantial growth in other parts of the world.

In the Far East and Australasia, the leading courier/express operators have been seeking to improve their coverage of what they see as the third point in the world's major trading triangle along with the US and Europe.

Helping to reinforce the development of express freight activities in the Far East is the nature of many of the major export traffics. High-technology goods produced in Japan, Hong Kong and Singapore, for example, tend to be both light and valuable, the sort of freight generally most suited to movement by air express services. At the same time, the manufacturing process for such items increasingly involves the assembly of components brought in from a wide variety of sources.

As more producers adopt just-in-time distribution policies - the delivery of goods just when required to save on inventory costs - so demand for express movement of components is continuing to grow. Shippers of other major export traffics from Asia like textiles and clothing are also increasingly using air express services to maintain the tight delivery schedules needed to meet seasonal market requirements or beat quota restrictions in the US.

Initially, much of the thrust into Asia by express companies involved the Pacific arena, as major US operators like Emery Worldwide, Federal Express, United Parcel Service and Burlington Air Express built up services using a mix of own aircraft capacity and scheduled airline flights.

In some cases that development has been slowed because express operators had problems getting traffic rights to operate their own aircraft on certain key routes. In that context, Federal Express made a major breakthrough last year when it was given the go-ahead to start DC10 freighter flights between the US and Japan, an operation likely to get under way this year.

Longer term, Federal Express sees the Pacific market as a natural choice for the start of hypersonic freighter flights. According to Mr Frederick Smith, company chairman and chief executive, air freight could be moving between the Far East and North America at speeds of up to Mach 5 by the year 2000. A key factor in his thinking is an US project called the National Aerospace Plane, now dubbed the Orient Express, in the belief that it will have par-

Worldwide services

Plenty to go for in Nigeria and Far East



FedEx at Stansted: the carrier foresees hypersonic freighter flights by 2000

ticular potential for use in the Pacific arena.

Meanwhile, the Europe-Asia market is also coming in for much greater attention in terms of courier/express service development. Helping to encourage that trend has been the recent tendency for Far East exporters to try and sell more of their goods in Europe to take advantage of stronger currencies relative to the US dollar. As a result, established international express courier companies in that market, such as DHL, TNT Skypak and IML are now being joined by a number of other operators.

An important competitor in the future could be Express Mail Services (EMS), the new joint venture company set up last November by European and North American postal authorities to co-ordinate their activities in the international express mail market. At the moment, attention is focused on plans to introduce a daily air link between Europe and the US but if that proves a success, similar developments could follow in the Far East where leading post offices are already looking to work together along the lines of the EMS set-up in Europe. Singapore has been mentioned as the most likely hub for such operations.

Competing with Singapore to become the leading Far East courier/express hub is Hong Kong. However, the Middle East still

generates sufficient business to attract some new service development. TNT Skypak, for example, which claims already to offer standard air courier services to all Middle East centres and out-bound from all except Saudi Arabia, is currently introducing worldwide two services that are likely to be of particular interest to that region.

TNT Newfast International will handle the international shipment of newspapers and magazines, using courier lines-haul. Individuals and businesses will be able to subscribe on a three, six or 12 month basis. The service is likely to prove particularly popular with expatriates. Also expected to be popular is TNT Skytrunk, which will handle the international door-to-door movement of personal effects and excess baggage.

Prominent among the other big names on the Middle East courier scene is DHL, which recently celebrated its 10th anniversary of services in a region where it now has some 65 offices in 15 countries. Main thrust of current marketing efforts is being directed towards attracting larger items and smaller parcels with which it has to date been principally associated and promoting the idea of using air express services as an integral part of companies' distribution systems, not just for

urgent or emergency shipments. Postal authorities, too, are active in Middle East markets. The UK Post Office offers both its Datapost express door-to-door service and a public facsimile service, Intelpost. In one of the most recent developments, Intelpost was established as the first public facsimile service between the UK and Saudi Arabia, enabling same-day delivery of documents to be made to six major centres in the Kingdom - Riyadh, Jeddah, Damman, Medina, Mecca and Buraydah.

Another large but often difficult market for courier/express companies to serve is Africa. Some black African centres are poorly served by scheduled airline services, making it hard for the couriers to offer high-speed delivery services available in other parts of the world. At the same time, certain African post office organisations appear unhappy about having to compete with fast-growing courier operations and on occasions attempt to put restrictions on them, while other countries continue to harbour suspicions about the whole idea of courier services.

Probably the most advanced black African market when it comes to express service development is Nigeria. Prominent operators include UK courier company IML which operates there as IML and now has more than 50 operating units in the country.

In terms of services, the organisation claims to offer next-day deliveries from the UK to Lagos and a number of other major Nigerian centres including Kano, Enugu, Ibadan, Kaduna and Port Harcourt. From other parts of the world, services into Nigeria generally offer a two-day delivery since most of IML's African traffic is routed via the company's London hub operation.

In addition to international services, IML has also been developing domestic overnight services within Nigeria. Having initially concentrated on catering for documents and small packages, IML last year introduced a heavy-weight service offering similar service levels for parcels in the 15-20 kilo range.

Nigeria also features strongly in the operations of DHL, which has more than 40 offices in that country. Like IML, the company claims to offer overnight services from the UK to Nigeria and is also pressing ahead with the development of Nigerian domestic services. Other big African markets for DHL include Kenya, Cameroon and Ivory Coast - altogether, the company claims to serve around 50 African states, with its own companies in some 30 of those.

Philip Hastings

Electronic transmission

Fax: a threat and an opportunity

DEVELOPMENT OF electronic data transmission systems which allow companies to send copies of documents all over the world at the touch of a few buttons is presenting the courier industry with both a threat and an opportunity, writes Philip Hastings.

The threat comes in the form of a likely new business as companies which have to date relied on using high-speed courier services to move their documents physically from one location to another, both domestically and internationally, increasingly turn to using even faster electronic transmission of data.

The opportunity for courier operators lies in developing services which combine the use of facsimile-style equipment with their extensive office/agent networks to meet the needs of companies which either do not have electronic data transmission equipment of their own or are working with other organisations which do not.

Probably the most advanced black African market when it comes to express service development is Nigeria. Prominent operators include UK courier company IML which operates there as IML and now has more than 50 operating units in the country.

In terms of services, the organisation claims to offer next-day deliveries from the UK to Lagos and a number of other major Nigerian centres including Kano, Enugu, Ibadan, Kaduna and Port Harcourt. From other parts of the world, services into Nigeria generally offer a two-day delivery since most of IML's African traffic is routed via the company's London hub operation.

In addition to international services, IML has also been developing domestic overnight services within Nigeria. Having initially concentrated on catering for documents and small packages, IML last year introduced a heavy-weight service offering similar service levels for parcels in the 15-20 kilo range.

Nigeria also features strongly in the operations of DHL, which has more than 40 offices in that country. Like IML, the company claims to offer overnight services from the UK to Nigeria and is also pressing ahead with the development of Nigerian domestic services. Other big African markets for DHL include Kenya, Cameroon and Ivory Coast - altogether, the company claims to serve around 50 African states, with its own companies in some 30 of those.

Philip Hastings



Nick Nelson, managing director of DHL International (UK)

there have already been a few casualties along the way.

Most publicised of the private sector electronic communications systems to come a cropper so far was an operation called Zappmail, set up by US parcels giant Federal Express, which had to be closed in 1986 after running up losses of several hundred million dollars.

Other companies have also come to grief trying to set up smaller-scale facsimile-based services both within the UK and internationally.

Prominent among the international systems which has got off the ground, though, is an operation called Satellite Express (SATX) developed by courier/air express company DHL. The SATX system is based on a network of electronic image transfer systems linked around the world by satellite which allow it to handle drawings and photographs with the same ease and clarity with which it handles typed and handwritten text.

Currently, Intelpost centres are in operation at more than 100 post offices in the UK and some 2,000 in 30 countries overseas in Europe, North and South America, the Middle East, Far East and Australasia.

In one of the more recent developments last year, Intelpost was established as the first public facsimile service between the UK and Saudi Arabia. That link now enables same-day delivery of documents to be made to six major centres in the Kingdom.

Some companies in the private sector of the courier industry are also now pressing ahead with the development of electronic data transmission services, although

service to nine US cities, with cut-off time in the UK for US East Coast cities being 17.00 hours and for the West Coast, 20.00 hours.

One of the major questions still to be answered in respect of electronic transmission services, though, is the extent to which such systems will supersede courier companies' traditional document delivery services. Currently, the general consensus of opinion among couriers is that the two types of operation will continue to run in tandem.

"The electronic document service is positioned alongside our worldwide document express service to allow us to offer overnight deliveries to markets where time change factors would not otherwise allow us to do so. It is not really a competitor to facsimile services," says DHL.

Electronic transmission is seen as an enhancement of existing express services. Research by the company suggests that the courier movement of documents will continue, both for reasons of security and because the size of many documents - average weight of DHL's document consignments is put at around 1.5 kilos - would make the transmission of them a very costly and time-consuming process.

Similar views are voiced by IML Air Couriers, which claims the document market is still growing but showing signs of segmenting slightly. If someone has one or two sheets of information to send, says IML, he may well fax them but if more than a few sheets are involved then he will probably carry on using courier services.

The same point is made by Mr Paul Moorhouse, of TNT Skypak, who says that despite predictions that document traffic would decline over the next few years in the face of mounting competition from electronic data transmission services, Skypak has in fact seen an increase of around 25 per cent in that business worldwide over the last year.

"Even though we are seeing a slight decrease in document traffic from existing customers as they tend to make greater use of facsimile machines, more and more companies around the world are becoming involved in export activities, which means generating additional documentation," he says.

DEATH, TAXES, AND DHL.

(Few things in this world are as certain.)

DHL THE UNFAIR ADVANTAGE
WORLDWIDE EXPRESS

EXPRESS SERVICES 4

POSTAL AUTHORITIES around the world have reacted keenly to the growth of private express services. Having sharpened up their own express operations and extended their networks, they now rank as formidable competitors to their private sector rivals.

So rapidly has the business been growing and so cut-throat has been the competition that the main European postal authorities last year formed a joint venture company based in Brussels to handle their international express mail operations. "It was becoming a big business," explains Mr John Payne, who runs the British Post Office's Datapost service.

The postal authorities also felt the need to create an international brand image to underscore the message that they were offering a service with common standards around the world. They now trade under the logo EMS (express mail services), even though each national post office continues to use its own express mail name.

The sharpness of their message is explained by the fact that international express mail is both growing rapidly - up anywhere between 10 and 50 per cent a year depending on various estimates - and becoming more valuable: about half the traffic carried internationally now consists of goods, compared with about 10 per cent a few years ago, Mr Payne reckons.

National post offices have followed a twin-track strategy of expanding their network and improving their delivery speeds.

The British Post Office, which claims to be second internationally after DHL, entered the 1980s with some 19 countries on its express network. The figure now stands at 114, with 20 added in the last year, including breakthroughs in the Eastern bloc, through agreements clinched with the Soviet Union, Czechoslovakia and Romania.

Last year, too, the Post Office introduced same day delivery to Paris, Amsterdam and Dublin for items posted in London before 10.30am. Next day delivery is now standard to many parts of the Continent and the US.

In its overall express strategy, both international and domestic, the UK Post Office has tried to fashion a range of offerings for the different market niches - a "family of services," Mr John Bimliff, who heads the corporation's parcels operation, puts it. Within the UK, the Post Office now has three main services other than its basic letter operation.

• Datapost, which delivers to 65 per cent of potential addresses by 10am the next working day, with a standard charge of £11.40

Post Office

Fast-movers stay ahead



Datapost: an all-out drive for speed

for a letter.

Mr Payne sees Datapost, which he claims to be second in the domestic market behind Securicor, as competing primarily on its reliability, as customers have increasingly demanded next day delivery even for items posted after working hours. "Back in the early 1980s, we and our competitors had a cut-off time of mid-afternoon. That will no longer do."

The all-out drive for speed has entailed heavy investment in vehicles, computers, handling equipment, and an increasingly dedicated Datapost network, building on six Datapost air routes and with a total of 17 Datapost handling centres scheduled for operation by the summer.

Datapost has also been busy devising new offerings to keep its customers loyal. One such is a Lloyd's-backed scheme whereby, on top of getting their money back, customers are compensated for consequential loss up to £10,000 per item if Datapost fails to meet its delivery targets. Mr Payne says the scheme is rarely

invoked. "It's the sort of guarantee that a weak service would not be able to afford."

• SuperService, a premium parcel service launched by the Post Office last month, which Mr Bimliff says will fill a gap between the standard parcels service and Datapost identified by the corporation's extensive market research.

Datapost is itself used increasingly for parcels, with about half the items carried now being goods rather than letters, but the Post Office pinpointed the need for a premium service cheaper than Datapost, but quicker than ordinary parcels.

SuperService offers 48-hour guaranteed delivery to 95 per cent of UK business addresses. The others, mainly in the North of Scotland, get a three-day guaranteed delivery.

It also provides a free detailed weekly service report showing what happens to each consignment; free insurance for damage of up to £1,000 for each parcel and £1m for each consignment; free confirmation of delivery. The

standard charge is £7 a consignment, plus 10p-15p a kilo, but customers can negotiate individual rates, depending on the amount of their business.

The Post Office is investing \$20m on the new service, which is due to become fully operational next month. SuperService has 1,000 lorries, 10 parcel hubs and 70 satellite depots dedicated to it. It is restricted to customers likely to spend more than £10,000 a year on the service, though Mr Bimliff says the cut-off point may be lowered later.

• Standard Service. Below SuperService is the Post Office's basic parcels operation, which handles 300m items a year, 55 per cent generated by business. But even here the corporation has introduced innovations in a bid to beat off its competition.

Last September, the Post Office offered a guarantee to its largest customers: they could have their money back if their parcels were not delivered within five working days.

This guarantee was supplemented by a flexible arrangement under which the corporation's largest customers could negotiate their own contracts with tariffs tailored to their particular circumstances. In addition, large customers are rewarded for exceptional growth in traffic by

rewards.

The point of all these schemes is to keep the Post Office ahead in the parcels business. It claims that its share of the business parcels market, now standing at about 28 per cent, has been growing after a period of decline in the 1980s. However, a number of private competitors, with market shares in the region of 20 per cent, are snapping at its heels.

The Post Office is still not sure what its range of offerings is complete. It is considering introducing a new service, possibly from next year, pitched between Datapost and SuperService. It will guarantee next day delivery, but not before 10am.

Both Datapost and parcels now form part of a business which has been separated from the rest of the Post Office after a management re-organisation over the past 18 months. Senior managers like Mr Bimliff and Mr Payne measure their performance more against their competitors in the private sector than against their colleagues in the letter service, which is still underpinned by a monopoly.

This may go some way to explain the dynamism shown by this wing of the huge Post Office organisation, which is not often perceived by the public as fast on its feet.

David Thomas

Parcel market growth

Next day
2/3 day (guaranteed)
Unspecified

Volume

Actual
Forecast
Million
500
400
300
200
100
0

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

Total

Actual
Forecast
Million
120
110
100

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

Manufacturing output

Index
130
120
110
100

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

RPI

Actual
Forecast
Index
130
120
110
100

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

Actual
Forecast

£8
£6
£4
£2
0

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

Prices
Retail/pack

Actual
Forecast
£8
£6
£4
£2
0

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

Average

Actual
Forecast
£8
£6
£4
£2
0

1983/4 84/5 85/6 86/7 87/8 88/9 89/90

Source: Lynx Express Delivery Network

Reliability, rather than speed, may meet many customers' needs

Getting there, a bit more slowly, could fit the bill

THE MAIN thrust of express service developments to date, certainly within the UK and intra-European markets, has centred on overnight operations offering next-day delivery. However, some operators and many of their customers believe there is also a place in both markets for guaranteed two/three-day services and good quality non-guaranteed products offering slightly slower services, perhaps from their own sales and marketing departments, when in fact a two/three-day service might suffice.

Many shippers claim that a reliable two/three-day service, with the emphasis very much on the reliable, meets most of their needs in the UK domestic and intra-European fields, with overnight operations being reserved for particularly urgent shipments.

Accurate information on the respective sizes of the next-day and two/three-day parcels markets is hard to come by. However, research carried out in 1986/87 for National Freight Consultants, part of the Lynx Express Delivery Network, suggests that the overall UK domestic market currently involves some 400m parcels a year in a business worth over £1bn. The two/three-day market is growing in volume by around 12 per cent per annum, mostly gaining business from the unguaranteed sector without adding to the segment's user base.

Both the next-day and two/three-day sectors are highly fragmented with large numbers of customers consigning small average volumes of packages. - 75 and 70 per annum respectively. This contrasts markedly with the unguaranteed sectors which have a much higher average volume of 368 packages per customer per annum. Looking ahead, the Lynx research forecasts particular increases in the next-day sector in value terms and the guaranteed two/three day sector on volumes.

Commenting on the subject of express service transit times from the users' point of view, Mr Jack Welsh, director of the British Shippers' Council, told an express industry conference last year that the important factors for customers were reliability of services and information. Consignors/consignees needed to be advised immediately if a consignment was not going to be delivered or would be late.

With many shippers, this was more important than actual speed of delivery for, given reasonable notice, the customer had time to implement remedial action. Same-day/next-day delivery was not widely necessary, most shippers seemed to be happy with a two or three-day delivery for most parcel traffic - subject, again, to reliability and information supply, plus cost, he said.

The profitable growth area in terms of freight services, suggested Mr Welsh, was in the assembly of transport resources

to form an effective and efficient intermodal door-to-door product which could be retailed to shippers at an all-in price. The generators of very large volumes of low value packages were interested in simple, reasonably priced three-day delivery services.

Other shipping managers suggest that they often face pressure to use overnight delivery services, perhaps from their own sales and marketing departments, when in fact a two/three-day service might suffice.

Many shippers claim that a reliable two/three-day service, with the emphasis very much on the reliable, meets most of their needs in the UK domestic and intra-European fields, with overnight operations being reserved for particularly urgent shipments.

Accurate information on the respective sizes of the next-day and two/three-day parcels markets is hard to come by. However, research carried out in 1986/87 for National Freight Consultants, part of the Lynx Express Delivery Network, suggests that the overall UK domestic market currently involves some 400m parcels a year in a business worth over £1bn. The two/three-day market is growing in volume by around 12 per cent per annum, mostly gaining business from the unguaranteed sector without adding to the segment's user base.

Both the next-day and two/three-day sectors are highly fragmented with large numbers of customers consigning small average volumes of packages. - 75 and 70 per annum respectively. This contrasts markedly with the unguaranteed sectors which have a much higher average volume of 368 packages per customer per annum. Looking ahead, the Lynx research forecasts particular increases in the next-day sector in value terms and the guaranteed two/three day sector on volumes.

Commenting on the subject of express service transit times from the users' point of view, Mr Jack Welsh, director of the British Shippers' Council, told an express industry conference last year that the important factors for customers were reliability of services and information. Consignors/consignees needed to be advised immediately if a consignment was not going to be delivered or would be late.

With many shippers, this was more important than actual speed of delivery for, given reasonable notice, the customer had time to implement remedial action. Same-day/next-day delivery was not widely necessary, most shippers seemed to be happy with a two or three-day delivery for most parcel traffic - subject, again, to reliability and information supply, plus cost, he said.

The profitable growth area in terms of freight services, suggested Mr Welsh, was in the assembly of transport resources

cent within 48 hours at rates around half those of guaranteed next-day services.

There is a place in the market

for next-day services but we feel

that people do not necessarily

want to pay for a guaranteed ser-

vice to that with a non-guaranteed

service at a lower rate," claims

Mr David Allen, Tiffen's man-

aging director. Similarly, the

Mayne Nickless-owned parcels

company Parcelfone claims its UK

and key continental markets,

last autumn took a step in the

other direction by launching a

new second-tier intra-European

express service called Elan Plus

One. This road-based service has

an extra day added on to the

transit time.

A key selling point, according

to Mr Tony Harris, the compa-

ny's managing director, is that

Elan Plus One rates are on aver-

age 20-30 per cent below those for

the standard overnight delivery

service.

Asked if the new service repre-

sents a change of heart by Elan,

which to date has always heavily

promoted the concept of over-

night deliveries in Europe, Mr

Harris says that having estab-

lished tremendous growth in the

next-day sector, the company

now wants to offer more flexibil-

ity to customers.

"We have to date had very spe-

cific service standards which

offer great benefits in terms of

reliability but we do not want

our customers to think we are

inflexible. With the new service,

we are particularly looking to

attract customers who might

already be using Elan for their

overnight delivery requirements

and someone else for the remain-

der of their traffic," he adds.

JET SERVICES

ALL YOUR WORLDWIDE COURIER REQUIREMENTS WILL BE MET WHEN YOU CALL US NOW ON

0759 2997

FOR EFFICIENT PERSONAL SERVICE

WE CARE ENOUGH TO MAKE YOU COMFORT

Parcel Carriers go straight to the point.

With our new C.A.T System there's no more pussyfooting around!

It's a new depot based computer system that is designed just for the Parcel Express industry.

It will generate more profits on existing investment, improve customer service, increase despatch efficiency and increase revenue opportunities.</

EXPRESS SERVICES 6

DOOR-TO-DOOR air express services, the fastest growing sector of the international air cargo market, are significantly eroding the profits that scheduled airlines had previously derived from premium-rated, small, direct shipments.

In the past decade - since Jimmy Carter made his mark in aviation history by deregulating air cargo in the US - the integrated operators have developed and expanded services. Using their US domestic experience as a springboard, they have now marched on Europe.

The Continent's traditional air freight industry was ill-prepared for the onslaught. Most of the airlines and forwarders are only now beginning to flex saggy cargo muscles in belated efforts to keep a grip on their "smalls" - the premium air cargo market.

The carriage of cargo increasingly means the difference between profit and loss for many European airlines. Today, air cargo accounts for 26 per cent of Lufthansa's total revenue, while the KLM figure is similar. The total world air cargo market, including express and courier traffic, is estimated at around \$10bn and could rise to \$66bn by 1995. According to Emery Airfreight, door-to-door air express will account for \$40bn - or 7.4 per cent of that market. In 1986, Lufthansa forecasts a 4 to 6 per cent growth for air freight - higher than passenger traffic growth forecasts. Other sources suggest that in Europe, the air express market is growing at a rate of 50 per cent a year and high growth levels are expected for several years to come.

As more European manufac-

ting companies emulate their Japanese and US counterparts by changing their distribution systems and adapting to the logistical advantage of just-in-time production techniques, they are increasingly attracted to door-to-door air express services.

Mr Peter Davies, general manager of XF Express Parcel System in the UK, claims that up to 50 per cent of his company's UK traffic comes from companies which once used air freight via their forwarders. "In a few years as much as 90 per cent of all overnight shipments could come from this sector. We have our sights set on taking a lot more business from forwarders in the coming years," he warns.

Looking at the UK market, Mr Tony Keating, managing director of Atlasair, a leading UK air freight forwarding company and UK service partner to UPS, estimates that 50 per cent of all air freight shipments up to 25-kilo door-to-door could transfer to door-to-door services and possibly another 20 per cent of air freight shipments between 25-100 kilos.

"I see no way that traditional air freight can stop this transfer because it is far more economical to handle this traffic through the massive integrated systems that companies such as UPS and FedEx have established in the US and now in Europe. In the courier and parcels sector there are economies of scale when handling large volumes of small shipments. The productivity of these operators' flight-based systems is capable of handling more than 100,000 parcels an hour at a few pence per parcel. It is beyond the reach of most forwarders," argues Mr Keating.

Both services have been singularly unsuccessful and are now

being reconsidered. Lufthansa launched its service in partnership with Schenker, the large German forwarder, and in so doing, the airline alienated other German forwarders. It now looks likely that in the future Lufthansa will broaden C & D to attract wider forwarding support.

With Speedbird Express, British Airways chose to work with City Link, a major national express parcels company which presented no threat to the forwarding community. The airline attempted to attract forwarder support for the service but has had little response. Mr Geoff Bridges, BA managing director, cargo, believes that, with some exceptions, forwarders remain hooked on consolidation as their prime activity. "After eight years of trying with Speedbird, I don't think the forwarders can be convinced to move stronger moves now into express as a retailer," says Mr Keating.

British Airways has launched a wholesale courier service on a number of scheduled services. In December, the airline opened a courier services unit to speed through Terminal Four at Heathrow and in the same month the new unit processed 7,000 courier bags. BA's new Express Services Building, next door, is offer-

ing 45-minute acceptance and clearance for premium, express shipments. "This unit is now generating 20 per cent of our total Cargocentre revenue on 1 per cent of the total volume handled," says Mr Bridges. Not surprisingly, British Airways sees its primary role as keeping this high yield traffic.

Mr John Hartnett, Aer Lingus cargo manager, readily admits that the airline's high yield multi-shipment traffic has been declining. Aer Lingus is now out to reverse that trend by launching Aersecuricor - a joint door-to-door service with Securicor based on the latter's wide UK and European express ground distribution network and the Aer Lingus scheduled freighters and cross-Europe passenger flights and belly capacity. Offering a range of timed, door-to-door services, Aersecuricor hopes to attract both direct shippers and forwarder support with a 10 per cent incentive of commission for forwarders.

Always a leader in air freight innovation, KLM last year launched Dorspeed as an airport-to-door, door-to-airport or door-to-door service with guaranteed delivery times. Currently running from the US into Europe and intra-Europe, Dorspeed is

being gradually expanded to operate eastbound to the US and on other long-haul routes. Working in conjunction with KLM in Europe on the service is XP Express Parcels, the KLM wholly-owned subsidiary. The Dutch airline also has a shareholding in the UK courier company DHL and in February it bought a minor stake in the European trucking and distribution company, Frans Mees Breda.

For years, IATA air freight services have been hidebound in a plethora of anachronistic regulations such as the Commodity Rates covering everything including the kitchen sink. On April 1 KLM, with a number of other European airlines, will introduce a simple European air freight tariff, which will "substantially" decrease the cost of air freight for smaller shipments. KLM says that through the new tariff it hopes "to satisfy shipping clients' long-standing desire for a clear, simple tariff structure on a number of European routes. Prices can now be clearly agreed on together with the shipping agent/forwarder, for a complete door-to-door product."

More than anything else, the arrival of the new wave door-to-door competition has highlighted the changing rela-

tionship between IATA airlines and the agents. Few agents today could genuinely claim to be the "agent" of the airline and others like Emery have chosen to compete head on with airlines by operating their own aircraft. While some airlines say they will work more closely with the freight forwarders to offer joint competitive services, others like Aer Lingus, while encouraging forwarders to participate in their new service, also admit they cannot ignore direct shipper contact as "if we don't go after that business then the integrated operators certainly will."

SAS has also followed this line with the launch of Air de Cologne, the fledgling SAS company which now operates the airline's DC9 freighters in Europe with an overnight door-to-door service linking Europe through its hub in Cologne. Leaving A de C to provide services to both shippers and forwarders, SAS meanwhile has its own passenger aircraft belly capacity Priority Express service, which it markets exclusively to freight forwarders.

Anne Hunter

The Emery saga

There is life after debt

AFTER TWO consecutive loss-making years, speculation surrounds the future of America's oldest air freight forwarding company - Emery Airfreight, pioneer of international, integrated air express services.

Last year Emery baffled industry experts by its purchase of Purolator Courier Corporation, a \$200m acquisition which increased Emery's debt to \$400m and set new values plummeting as the company vulnerability unfolded.

Formed in 1946, Emery was the brainchild of John Emery Sr who, after the war, saw many of his former military colleagues establish their own air cargo airlines. He developed an alternative concept - the air freight forwarder, which he designed as responsible for all the ground logistics of arranging air transportation, using the services of any available aircraft operator and providing the systems necessary to track their movements.

In 1948, the CAB, which regulated the US air industry, issued its first Indirect Air Carrier Certificate to the fledgling company.

By 1955 Emery was listed on the American Stock Exchange and this was followed by listings on the New York Stock Exchange in 1962 and on the Pacific Exchange in 1965.

From its US-wide development, Emery opened its first international office in London in 1956. In the early 1960s the company introduced what was considered to be the first computerised shipment tracking system, Kuscon. By the 1960s Emery was established as a major US domestic and international air freight forwarder and among the largest airline customers, buying capacity for shipments and consolidations moving all round the world.

Strategic planning in the early 1970s saw Emery begin to control its own airfreight forwarder to an integrated operator. With a \$10m bank loan, Emery changed the face of air freight forwarding history by establishing a new "super hub" at Dayton, Ohio to support a newly purchased fleet of 24 B727 cargo aircraft for its US domestic operation.

The move to control its own airfreight forwarder to an integrated operator. With a \$10m bank loan, Emery changed the face of air freight forwarding history by establishing a new "super hub" at Dayton, Ohio to support a newly purchased fleet of 24 B727 cargo aircraft for its US domestic operation.

In 1981, five years after US aviation deregulation Emery made its most controversial move when it switched from being an air freight forwarder to an integrated operator. With a \$10m bank loan, Emery changed the face of air freight forwarding history by establishing a new "super hub" at Dayton, Ohio to support a newly purchased fleet of 24 B727 cargo aircraft for its US domestic operation.

Although Emery plans to operate Purolator as a separate subsidiary for an indefinite period, many of the field operations are currently being put together. However, as operational problems will inevitably result from the merger of the two systems, earnings are likely to remain diluted until at least the end of this first quarter and analysts predict that "profits will remain under pressure until the company is able to pay down approximately \$155m in debt associated with the acquisition."

Emery says that its restructuring programme is proceeding on schedule following its "careful development with the assistance of our financial advisers, Wolfensohn & Co." In the long term, Emery expects to realise savings of \$42m pre-tax from the combination of its own "low cost air system and Purolator's low cost line haul operation."

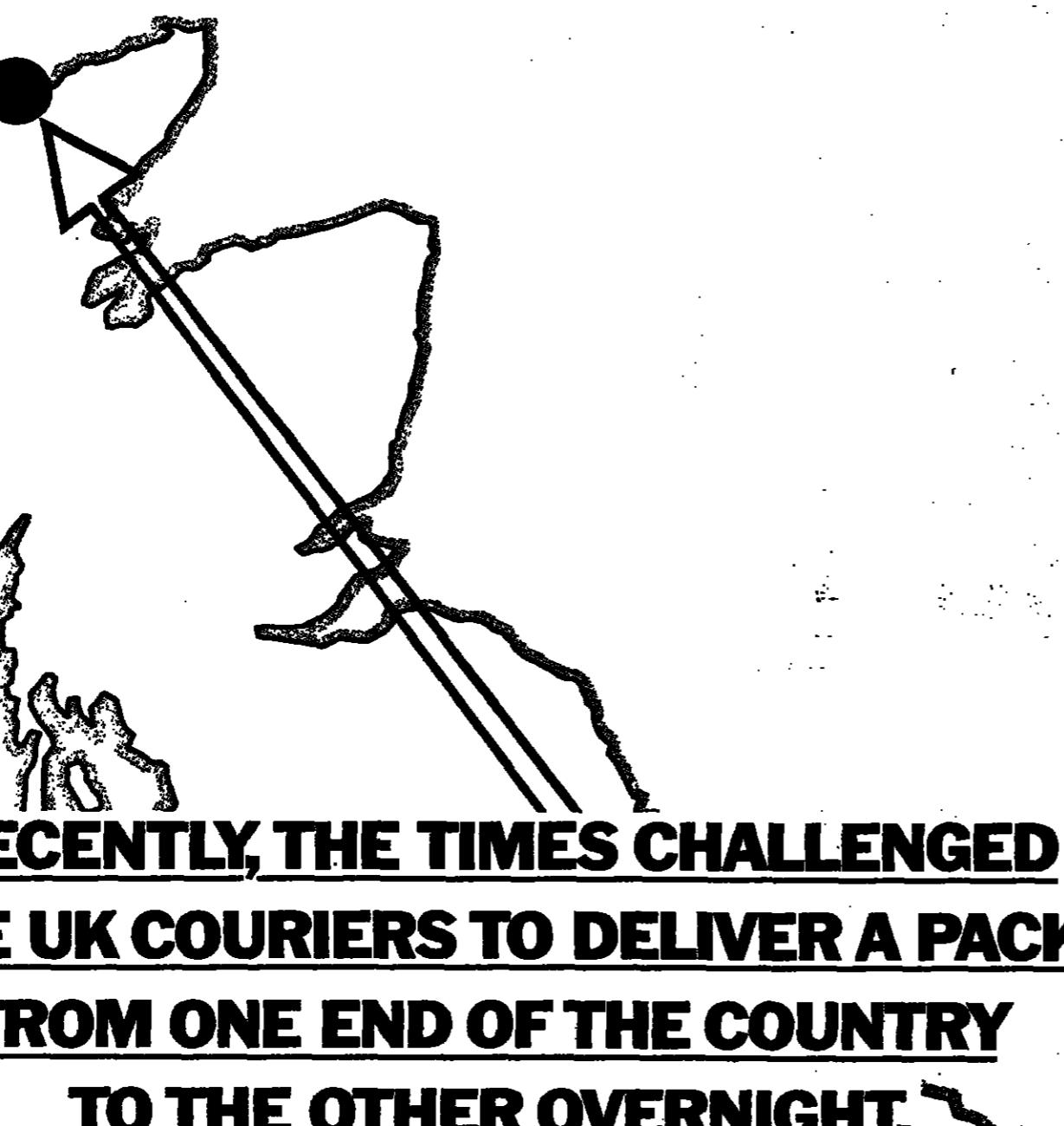
While the merger's smooth progress would have done a lot to restore Emery's US stock market image, the hiring and firing game of musical chairs that has been played out over the past year at the Emery executive management level has done little to allay fears for the company's future.

John Emery Jr's departure as chief executive officer and chairman in January 1988 was a year or two premature and has been interpreted as a strong indication of a divided management camp.

Emery shareholders are currently being courted by a former Federal Express president, Mr Art Bass, in his attempt to get support for an Emery turnaround plan which includes proposals for significant and widespread changes among the executive management. This plan has the firm's approval and support of Towers Financial, the investment company which recently caused a flurry of interest with its investment of \$15m in Emery stock.

Struggling hard to meet its projected return to profitability by the second half of 1988, Emery's recent results show significant shipment volume increases in a market where rates have been gradually hardening. This is a timely response for lurking predators to see that there is plenty of life in the old dog yet.

Anne Hunter



ONLY DATAPORT ACHIEVED IT.

Recently The Times ran an article testing the relative merits of the UK's top courier services.

The task. To deliver a 2lb package from Hurstpoint, Sussex, to Talmie, northern Scotland. Overnight.

Of the twelve they called, nine declined.

Including DHL. Apparently some mountains are too high after all.

Federal Express. They absolutely, positively refuse to handle packages for private individuals.

And Securicor. No ifs, buts or maybes from them.

They definitely weren't going.

And what of the three who went? TNT. Red Star. And Datapost.

For their pains, TNT charged a colossal £25. And arrived a colossal 51 hours late. Red Star, on the other hand, charged a mere £18.40. And were merely a day late.

And Datapost? For the princely sum of £13.90, we said we'd be there by midday, next day.

Admittedly, delivery at 5.30pm was a bit wide of the mark. But we did deliver it the next day. The only courier to do so. And a full 20 hours ahead of our nearest rival. So if your business needs the fastest express courier around, ask yourself this.

Who can you really depend on? Datapost



EXPRESS SERVICES 7



Mr John Hartnett (left), Aer Lingus cargo manager and AerSecuricor director, with Mr Robert Andrews, director and general manager of AerSecuricor

Securicor

Venture with Aer Lingus

ONE OF the top three UK parcels delivery companies, Securicor has to date generally kept a much lower profile than most of its major competitors in an industry where marketing hype tends to run rampant.

That caution and a certain ambivalence towards publicity result in part from the fact that the company's first involvement with parcels-carrying operations came through working for clearing banks, carrying items other than the cash and valuables handled by Securicor's security services. Securicor still visits over 9,000 UK bank branches twice each night to collect and deliver their urgent paperwork but also now works extensively for other industries.

In fact, despite the relatively low profile, Securicor has built up its parcels business marketed under the name Securicor Express to produce an annual turnover for the financial year to the end of September 1987 of £126m, with around 83,000 parcels projected for the current year.

To achieve that growth, Securicor is this year looking substantially to sharpen its attack on both the UK domestic and European markets through a number of operational and marketing developments.

Latest developments in the UK, for example, include revamping next-day delivery operations under the marketing identity Night Owl. That will identify Securicor's already-established Swiftly premium service which provides next-day before 9.00 delivery nationwide, a before-noon service and a general next-day service, all catering for parcels up to 25 kilos or four cubic feet.

Already accounting for around 75-80 per cent of Securicor's parcels revenue, overnight business is still seen as the area of largest potential growth. Securicor's other UK domestic parcels activities include a two-three day delivery service for parcels up to 50 kilos and its Pony Express immediate response courier operation.

Unlike many of its major competitors, Securicor has opted not to develop a major UK hub and spoke operation involving the use of one major parcels sorting centre. Instead, the company relies on overnight road trunking to link 12 principal UK hubs. Mr Henry McKay, Securicor managing director, says: "The size of our business would negate a hub and spoke operation. We would have a time window problem when it came to sorting all the parcels in time."

Last month Securicor announced it had got together with Irish national airline Aer Lingus to set up a joint venture company called AerSecuricor to develop intra-European door-to-door express parcel operations.

Securicor has operated express parcel services between the UK and the Continent for some years, using its own 5.5 tonne capacity Dart Herald freighter aircraft to fly parcels overnight between Ireland, the UK and the Continent. However, by tying up with Aer Lingus, Securicor believes it will be able to develop better air links in Europe without the need to invest heavily in its own aircraft capacity. The plan is to continue the mighty Dart Herald operation, which is routed Dublin-Birmingham-Brussels, and overlay Aer Lingus freighter aircraft and passenger aircraft capacity on that basic structure.

Particularly significant in the latter context is the fact that in addition to its coverage of 10 continental points out of Dublin (including Boeing 737 freighter flights to Frankfurt, Brussels and Paris), Aer Lingus has just been given fifth freedom traffic rights - enabling the airline to operate between two countries that do not include the home base - for daily flights out of Manchester to four continental points: Amsterdam, Copenhagen, Hamburg and Milan, plus daily services

TEN YEARS ago, Australian-based transport organisation TNT arrived on the UK freight scene with the acquisition of domestic parcels operator Inter County Express, a company employing 500 staff and achieving an annual turnover of around £1m.

This year, TNT will celebrate its first decade of UK operation with a widening portfolio of domestic and international express delivery services plus specialist contract distribution activities, a total workforce of close to 1,500, and a turnover now said to be running at £20m a week.

Aggressive and uncompromising in its determination to push through new developments, TNT has in the last year of a UK domestic business unit service a contract with the Post Office to supply a new service for the Post Office regular - TNT UK has not surprisingly hit the news headlines fairly frequently during the last decade.

First came the long-standing and ultimately successful battle to take over the delivery of *News International* newspaper a week for Rupert Murdoch's News International group from their new printing bases at Wapping and Glasgow. Since then, TNT has won many other newspaper and magazine distribution contracts including, within the last few months, one covering much of *News International's* new wholesale newspaper distribution network in England.

Last year, TNT was back in the spotlight again with its widely-publicised commitment to purchase class 22 British Aerospace 146-QT jet freighters, many of them for

use in Europe. A few months later, pre-Christmas problems gave TNT the chance to reaffirm its previously-stated intention to take on the Post Office across a wide range of business sectors in the next few years.

Although following the philosophy of its Australian parent organisation, which is constantly looking to develop transport services to handle anything, anywhere, anytime, TNT UK has so far been particularly prominent in the field of express operations, both domestically and internationally. Mr Alan Jones, TNT UK managing director, claims the company has achieved market leadership in the UK express delivery industry.

"We intend to continue our development in the express delivery and specialist contract distribution markets in the years to come. Our aim is to achieve leadership in all our markets," he adds.

The best-known of the company's domestic activities is TNT Overnite, which offers door-to-door guaranteed next-day deliveries nationwide via a massive parcels distribution centre at Atherton in the Midlands. Launched in 1980, the product range has since been expanded to include guaranteed next morning before 9.00 hours and before noon deliveries, together with Saturday services and other options.

More recently, demand has been growing for even faster and more immediate deliveries. That has led to the development of TNT Sameday, to offer guaranteed same-day deliveries throughout the UK, and TNT Courier which handles immediate local postal services and have a TNT

delivery of documents and small parcels within major centres such as London and Greater Manchester.

Another trend becoming increasingly significant in the UK express market involves moves to make services more accessible to customers by establishing points where they can put items into a delivery system.

TNT has set up more than 400 parcel offices around the UK in addition to accepting parcels for delivery via any one of the range of TNT services available. The offices can also hold parcels arriving for collection by customers, for example early in the morning before a normal TNT delivery would be made.

The parcel office network could prove significant as TNT presses ahead with the development of Supamail, a UK domestic business post system launched in 1987 to offer guaranteed delivery times for both letters and heavier items such as computer printers and video tapes. At the moment, TNT is restricted to putting its Supamail post boxes on private premises but in the longer term it hopes to break the Post Office monopoly on general lettings, which handles immediate local postal services and have a TNT

Supamail post-box on every street corner in Britain within 10 years.

Other TNT UK operations include the launch of two new divisions to spearhead its assault on the intra-European market. One, called TNT Overnite Air Express, will concentrate on the storage and distribution activities; TNT Freight, which handles commercial fleet management, next-day door-to-door delivery for businesses throughout the Ipec network.

The other division, TNT Ipec European Express, will concentrate on providing express freight road delivery services between the UK and the Continent.

Outside the domestic arena, TNT UK has made rapid growth in intra-European express delivery services as UK exporters and importers step up their business with other Western European countries. Servicing of that market is in the hands of TNT Ipec, which offers a range of express freight delivery options via some 130 depots in Europe. Current focus of attention for Ipec is on further expansion of its next-day delivery services to add more markets and improve delivery times in areas already served. A key factor in that development is the increasing use of BAE 146 Quiet Trader jet aircraft - three were brought into operation during 1987 and several others are scheduled to join them in 1988 to sustain key overnight links.

Recent Ipec developments

To meet growing customer demand for services able to offer courier-style delivery times for larger items, Skypak last year set up TNT Expressair to spearhead development at the heavier end of the international air express business - for items over 30 kilos. However, the most explosive growth at present is coming from Skypak's remail division, TNT Mailfast, which has now established some 40 remail centres around the world. Traffic handled systemwide by Mailfast jumped from around 35 tonnes a week at the beginning of 1987 to nearly 135 tonnes by December.

"In international mail, we now reckon to be the fourth or fifth largest postal operation in the world behind the post offices of the US, the UK, West Germany and Japan. Within two or three years we could be second only to the US Post Office, handling perhaps 400 or 500 tonnes of overnight mail a week," claims Mr Paul Moonhouse, Mailfast's UK-based general manager.

Skypak is also taking on the Post Office authorities in the area of European second-class delivery. It has recently launched new services for documents moving between London and six other European centres.

Apart from developing an ever-broadening range of express delivery services, TNT UK is also rapidly stepping up the development of tailor-made distribution systems designed to meet customers' individual specifications. TNT Contract Services is now said to be one of the fastest-growing areas of group activity in the UK.

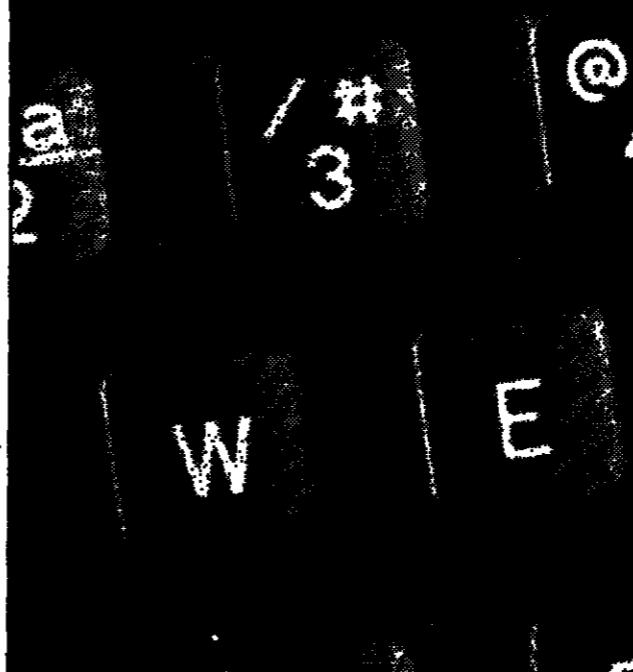
Philip Hastings

TNT's decade of growth

Going for the Post Office jugular

**IT TOOK 4 PEOPLE 3 MONTHS
TO DESIGN IT.**
**IT TOOK 8 PEOPLE 12 MONTHS
TO ENGINEER IT.**
**IT TOOK JUST 1 PHONE CALL
TO EXPORT IT**

**THROUGHOUT EUROPE
OVERNIGHT.**



The call was to us at ELAN.

As the specialist in European express parcel delivery, we're used to meeting the tightest deadlines.

We collect and deliver to anywhere in Europe faster than express. That's our overnight service.

Our PRIORITY AM DELIVERY SERVICE meets most urgent needs. While our PRE 10 AM SERVICE gives the best start to a working day.

And, on the mainland, our SAME DAY SERVICE provides an even faster answer.

Our speed and reliability comes from our mastery of the most difficult of all delivery disciplines - overnight.

And our overnight expertise has provided the basis for our other services.

These include an economical service for your less urgent goods, that offers the absolute reliability of our overnight service.

Then there's our range of worldwide air freighting services.

Combined with our European network they give us the ability to handle our distribution needs much more efficiently and economically.

By providing you with professional logistics management.

We can bring your goods from suppliers dotted around the globe, break bulk, warehouse, order pick, re-pack, and distribute within Europe at a moment's notice.

We can do all these things and more. We'll tailor our distribution service to meet your exact needs.

So whatever you have on the drawing-board or on the production line, we have just what you need. All you have to do is pick up a phone and ask for it.

For the full facts about the ELAN range of services, call our information line on 021 333 3025 now.

ELAN The Overnight Delivery System

DO IT RIGHT!

WE DON'T JUST OFFER...

- 30 YEARS EXPERIENCE IN EXPRESS DISTRIBUTION
- 162 DEPOTS WORLDWIDE
- A TOTAL SERVICE, COVERING VIRTUALLY EVERY COUNTRY OF THE WORLD
- NEW YORK OVERNIGHT TOKYO 2 DAYS
- NEXT DAY FOR ALL MAJOR EUROPEAN CITIES
- TOTALLY COMPETITIVE PRICES WITH NO HANDLING FEES FOR ACCOUNT CUSTOMERS
- NEW ACCOUNTS OPENED INSTANTLY

...BUT THE FIRST IKG DELIVERY FREE, FOR ALL NEW ACCOUNT CUSTOMERS

TELEPHONE 100 AND ASK FOR FREEPHONE
'OCS COURIER'
1/15 GALLEYWALL ROAD, LONDON SE16

We're going places!

FLIGHT COURIER 01-730 4626
45 LOWER BELGRAVE STREET LONDON SW1W 0LS

International Air Couriers

UK-Europe services**When Continent will be almost like home**

ACCELERATING moves to make the European Community one market by the mid-1990s are encouraging further substantial development of express delivery services between the UK and the Continent. Adding impetus to that trend is the likelihood that the Channel Tunnel will be built over the next few years.

The precise impact of that link on express/courier operations is difficult to determine at present, although rail-based UK express parcels operator Red Star is already looking at a number of ideas, but it will encourage more people to think of the UK and the Continent as one domestic market and demand delivery services to match.

In the meantime, current efforts to liberalise the general European airline industry should open up more opportunities for the development of air links between the UK and the Continent to speed up the movement of parcels and freight. Already, documents, parcels and even larger freight can be moved overnight between the UK and many major continental centres, particularly those in the European Community, using a combination of aircraft and road vehicle operations. Now, the race is on among express service operators to expand that overnight delivery capability to encompass larger areas.

Some operators are also beginning to develop scheduled same-day document and parcel services between key European cities. UK Post Office organisation DataPost, for example, now offers timetabled same-day delivery services between the London area and three other European cities - Amsterdam, Paris and Dublin. Similarly, courier company TNT.

Skynet recently introduced document delivery services linking the London area with Brussels, Zurich, Frankfurt, Amsterdam, Paris and Dublin. On-board couriers accompany traffic using scheduled airline flights.

Just how fast development of UK/Continent same-day and overnight delivery services will continue, though, could depend to some extent on the success of current efforts by the courier/express industry to get customs authorities in Europe and elsewhere to review their treatment



Mr David Tanner, IML group managing director

of parcels traffic and introduce regulations to speed up clearance procedures. A recent move by the Customs Co-operation Council, which represents customs authorities all round the world, to recommend that their members accept the principle that express freight needs special treatment seems a significant move in the right direction.

In the same context, intra-European parcel operator XP Parcels System last year took part in an experiment with French customs to reduce paperwork and cut the time taken to deliver small dutiable shipments to Paris. Under the system, XP delivered dutiable goods worth under FFr 500 with a T2 customs document, indicating that duty had been paid, anywhere in the Paris area, the morning after collection. Previously, deliveries were delayed by the need to complete several forms and obtain customs clearance.

Less encouragingly, much slower progress has been made to date in overcoming any of the fiscal barriers within the European Community which express operators maintain threaten the continued rapid development of their services. The operators particularly want to see an acceleration of moves to harmonise VAT and other taxes within EC members.

Commenting generally on the subject of customs and the air express industry in Europe and worldwide, Mr Brian Pitsall, managing director of DHL International (UK) and deputy chairman of the Association of International Courier and Express Companies, says the ideal free trade environment is still a long way off.

"We must, as a matter of urgency, discuss payment of duty on low value items. We would like to see customs officers available earlier in the day and more officers on duty at peak times. Also, we would like acceptance of documents in advance and simpler paperwork. The resolution of these issues will result in more rapid clearance," claims Mr Pitsall.

Most of the major express operators in the UK/Continent market now use aircraft to provide the longer haul transport. In some cases, companies run their own airline fleets; in other cases, they send freight using scheduled airline flights. Several operators use a mixture of the two, an aspect highlighted last month when UK parcels company Securicor announced it had linked up with Irish airline Aer Lingus to form a joint venture express company.

AerSecuricor, as the new company is called, will initially concentrate on the operation of UK/Ireland/Europe next-day parcel delivery services.

Particularly prominent among the other operators using their own aircraft fleet to service the UK/Continent market is fast-growing TNT which is pushing ahead with the development of wide-ranging intra-European air operations using British Aerospace 146CT jet freighters able to carry up to around 10.5 tonnes of cargo on each flight. Three are already in service, two of them connecting the UK with West Germany and Sweden, and the company hopes to have a further five in operation in Europe within the next year.

Meanwhile, DHL International is building up a European fleet of Convair 580 aircraft, some of which will operate larger consignments. Similarly, sister company Elan International is now using large Merchantman freighter aircraft - three currently fly between the UK, Republic of Ireland, where Dublin has now been added to the schedule as well as

Shannon to improve service coverage of the eastern side of Ireland, and West Germany.

Also very much involved with intra-European air operations are the three major US parcels companies active in that market - Federal Express, Emery Worldwide and UPS.

Federal Express, in particular, is known to be planning further substantial development of European operations this year. The company has just agreed to buy five Fokker F27 aircraft for use in Europe, two of them on routes between the UK and its main continental hub at Brussels, and over the next six months intends to open a number of new stations in West Germany, France and other European countries.

Another prominent US express operator and forwarding company, Burlington Air Express, is thinking of using road transport links to help develop express freight services between the UK and the Continent. Mr Alan Draper, Burlington's UK managing director, says the company already runs TIR (truck and trailer) groupage services from the UK to some 28 destinations in Europe.

"We are planning during the first half of this year additionally to launch some express delivery services. We will be looking at the development of 24-48 hour services from the UK to probably half a dozen markets such as West Germany, Portugal and Ireland, with further developments to include markets such as France, the Benelux and Scandinavia," says.

Such services are likely to prove particularly attractive to shippers of freight larger than that normally catered for by the express parcels specialists. Already operating in that field are a number of European operators like Swiss-based Daimiel which runs door-to-door freight systems called Euroaid based on the use of road vehicles to link some 50 small depots via around 160 trunk routes. Countries covered at present include the UK, Ireland, Benelux, France, West Germany, Austria, Switzerland, Italy, Denmark and Spain.

Similarly, UK-based express delivery company Seabourne Express relies mainly on road vehicles to maintain 24-48 hour freight delivery services within Europe, although it is likely to make greater use of scheduled air capacity with the recent acquisition of courier operation Purloa.

The race is on to expand overnight deliveries to encompass larger areas

tor Services which specialises in the handling of documents and small parcels. Conversely, many of the international courier companies which have to date been best known for the long-haul movement of documents and small packages are now looking to build up their UK/Continent and general European operations.

A good example among the UK-based couriers is IML which uses scheduled airline capacity and its own chartered aircraft to sustain overnight delivery services between the UK and Europe. "In 1988 we will become even stronger in Europe, both in terms of intra-European trade and for traffic in and out of Europe," says Mr David Tanner, IML's managing director.

Similarly, French-based courier company Jet Services is planning to open a number of offices in the UK this year to join the one already in operation at Heathrow. The company uses both air and road transport to handle the express delivery of bulk shipments such as printed matter as well as standard courier traffic within Europe and overseas.

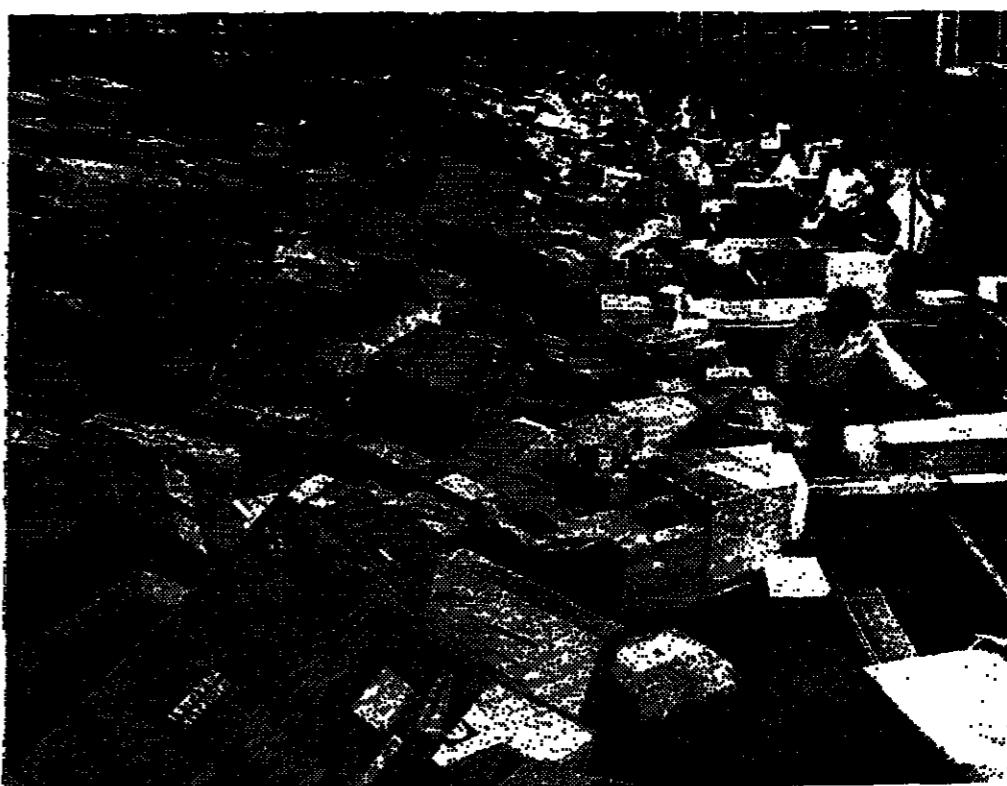
The planned expansion moves by Jet Services and IML highlight the fact that the UK/Continent express market is going to become ever more competitive over the next few years. Many of the principal UK domestic service operators, for example, are looking to break into the general European arena as major customers show signs of preferring to select one distribution company to handle every aspect of their express transport needs, both domestic and international.

One of the nearest to making that move at present is ANC, the British & Commonwealth company, which hopes to start express services between the UK and several key continental markets in the next few months.

Other UK domestic parcels operators are expanding their existing involvements with the European market. These include Lynx Express Delivery Network through the multinational Euro Express Consortium and rail-based organisation Red Star which is using connections with other European rail authorities to expand its Eural Express

parcel and document services to the Continent. A few months ago, Red Star opened a new continental hub at Charleroi in southern Belgium and now flies European traffic out of Southern to that hub every night. From Charleroi parcels are distributed by rail and road to their destination.

Philip Hastings



The Federal Express "Superhub" in Memphis, Tennessee

The big sorting centres

Computerised hubs of activity

FOR MANY leading domestic and international courier/express operators, the large sorting centres that are able to process thousands of parcels and document packages an hour are the focal points. Generally known as hubs, the centres receive incoming consignments from outlying depots carried on road vehicles and aircraft, sort them and then dispatch them to final destination via the airline transport chain, writes Phillip Hastings.

As traffic volumes have increased, so has the necessity for automated sorting systems which make use of latest in computer-based technology.

Probably the most famous computerised parcel sorting centre in the world is that operated by US carrier Federal Express in Memphis, Tennessee. Known as the Superhub, it employs 2,500 people to sort an average of 800,000 packages a night - most of it during a peak two-hour period around midnight - in a complex which includes more than 17 acres of building under roof and 40 miles of conveyor belts. Parcels are flown in and out of the hub on some 68 aircraft, most of them DC10 and Boeing 747 freighters.

On a rather smaller scale, Federal Express has a sorting hub in the UK which it inherited with the acquisition of domestic parcels company Lex Wilkinson in 1986. Located at Nuneaton in the Midlands, it is said to be already capable of handling up to 10,000 consignments an hour using a computer coding of addresses, with further capacity expansion in the pipeline. A computer system is also used to monitor and trace parcels during their progress through the overall delivery system.

Apart from size, one major difference between the UK hub and its Memphis counterpart is the fact that the former relies on road vehicles rather than aircraft to feed traffic in and out.

Largest of the sorting hubs currently in operation in the UK is probably that of TNT at Atherton in Warwickshire. More than 15,000 parcels an hour are handled through a complex of 250,000 sq ft located on a site totalling some 19 acres. Three different computerised sorting systems are used: tilt tray handles items up to 25 kilos and 1.2 metres; tilt slats accommodate items up to 50 kilos and 1.8 metres; and a suspended Nordics system copes with up to 70 pallets an hour at all weights. Around 200 trailers are used to feed traffic between the hub and TNT depots around the UK.

Providing, among the other leading express parcels companies, the fact that the UK/Continent express market is going to become ever more competitive over the next few years. Many of the principal UK domestic service operators, for example, are looking to break into the general European arena as major customers show signs of preferring to select one distribution company to handle every aspect of their express transport needs, both domestic and international.

One of the nearest to making that move at present is ANC, the British & Commonwealth company, which hopes to start express services between the UK and several key continental markets in the next few months.

Other UK domestic parcels operators are expanding their existing involvements with the European market. These include Lynx Express Delivery Network through the multinational Euro Express Consortium and rail-based organisation Red Star which is using connections with other European rail authorities to expand its Eural Express

parcel and document services to the Continent. A few months ago, Red Star opened a new continental hub at Charleroi in southern Belgium and now flies European traffic out of Southern to that hub every night. From Charleroi parcels are distributed by rail and road to their destination.

Philip Hastings

"THERE IS AN ALTERNATIVE"

SKY
courier international

**Small Enough To Care
Big Enough To Deliver**

Sky Courier International
West Drayton

Tel: (0895) 445580

REMAIL

INTERNATIONAL EXPRESS MAIL

FOR SERVICE DETAILS CONTACT:
KAREN BARNETT
SALES & MARKETING, DIRECTOR
CITY OFFICE 01-722 6871

REMAIL (U.K.) LTD.

THE MILL HOUSE, BARRY AVENUE, WINDSOR, BERKS SL4 1OX
0753 888104 Telex 846962 Fax 0753 841811

**WORLD EXPRESS '88
CONFERENCE & EXHIBITION**

The meeting & market place for the international express & courier industry

7-9 JUNE 1988

Runnymede Hotel, Egham, Surrey

Promoted by: FREIGHT NEWS EXPRESS
Supported by: AICES, Association of International Courier & Express Services
IECC, International Express Carriers Conference, USA
City Exhibitions & City Conferences Ltd
8 Dukes Close, Alton, Hampshire GU34 1PH
Tel: 0420 87303 Fax: 0420 841067 Telex: 0494 83358 Tring G

Philip Hastings